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FINANCIAL TIMES

Europe's Business Newspaper

WEEKEND SEPTEMBER 10/SEPTEMBER 11 1994

US and Cuba reach accord to stem flood of refugees

The US and Cuba reached an agreement to halt the flow of Cuban refugees to Florida in a move that marks the first piece of co-operation between the two countries since a flood of migrants began last month. The accord is thought likely to include provisions to increase the number of Cubans entering the US through legal channels from fewer than 4,000 a year to 20,000. Page 22

Adams likely to get US visa: Sinn Féin president Gerry Adams said be would apply for a visa to visit the US after receiving "thousands of invitations" to explain the IRA's Ulster ceasefire. The state department said his request was likely to be granted. Page 5

Ex-Volvo chairman to set up London bank

Pehr Gyllenhammar (left), former chairman of Volvo, is to move to London to set up an investment bank with Hans-Jörg Rudloff, the Euromarkets pioneer. Mr Gyllenhammar resigned from the Swedish motor group 10 months ago after his plans to merge Volvo's car and truck operations with Renault of France collapsed. Page 22; Volvo finalises plans to cede part of Renault stake, Page 9

USAir crash is fifth in five years: US federal aviation investigators began investigations into the fifth crash of a USAir passenger airliner in five years. All 132 people on board died when a Boeing 737 crashed while attempting to land at Pittsburgh airport. Page 3

At least 15 bidders seek coalmines: With four days to go before the government deadline for accepting bids for British Coal's mining assets, each of the five regions on offer is expected to attract at least three tenders. Page 4

Three face uranium charges: Three people were charged with trying to dispose of 100kg of industrial uranium in the Russian republic of Udmurtia.

Asprey shares fall on profits forecast: Shares in Asprey's fell by more than a third after the UK jewellery retailer warned that the loss of a few big-spending customers would severely depress its profits. Page 22 and Lex; Mappin & Webb opens Prague store, Page 2

Leif Mills to be TUC president: Leif Mills, 58, general secretary of the Banking Insurance and Finance Union, took over from rail union leader Jimmy Knapp as president of the UK's Trades Union Congress. Monks's warning, Page 5

Union Carbide quits India: US cbemical company Union Carbide is to cut its links with India 10 years after incurring the world's worst industrial disaster, at its Indian pesticide plant in Bhopal, which killed more than 2,500 people and seriously injured more than 30,000. Page 9

Christies ahead by 15%: Growth in all its main salerooms helped auctioneers Christies International lift first half pre-tax profits by 15 per cent to £8.13m ($12.6m). Page 9; Lex, Page 22

Costain in the red: Shares in Costain Group fell 11 per cent as the British construction and engineering group reported pre-tax losses of £14m ($21.7m) for the first half and put its US mining operations up for sale. Page 8 Lex, Page 22

Seoul to ease hard line over N Korea: South Korea indicated it may pursue a more conciliatory policy toward North Korea, reversing its recent tough approach to Pyongyang which is leaving Seoul increasingly isolated as Washington and Pyongyang conduct negotiations on possible diplomatic ties. Page 3

CIS acts to enforce treaties: The Commonwealtb of Independent States agreed to form an interstate economic committee designed to put into effect the economic treaties signed by members of the CIS, but which are often not implemented. Page 2

Improved car production lifts Laird: UK automotive components and building products manufacturer Laird Group, saw underlying pre-tax profits improve by 17 per cent to £23.9m ($37m) in the first half, helped by a recovery in car production in continental Europe. Page 8

Hospital chiefs 'better off in industry': Britain's best paid hospital manager earned £95,000 ($147,000) last year, but was worse off than counterparts in industry, a survey shows. Page 4

Companies in this issue

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American Express close to deal on Thomas Cook

By Richard Waters in New York

American Express is close to acquiring the international business travel operations of Thomas Cook in a move that would strengthen its position as one of the world's two higgest travel agency groupings.

The deal, which is expected to be announced early next week, would also involve American Express buying all of Thomas Cook's US travel agency operations.

The purchase would be the latest and largest of a series of acquisitinns in tbe worldwide business travel market. It signals a move by agencies to increase their negotiating power with airlines and to offer a wider range of services to the big companies whose hudgets drive a large part of the international business travel market.

American Express refused yesterday to confirm the deal. However, one industry executiva close to the talks said it was likely to be concluded within days.

The deregulation of airlines around the world is creating new markets for travel agencies. By increasing their huying power, the higgest agencies claim they can get cheaper flights for their corporate customers than would otherwise be tbe case.

The Thomas Cook operations are expected to add about $2bn (£1.20hn) a year to American Express's travel agency billings (the spending by its customers on airline tickets, hotels and so on), which stood last year at $8bn.

That would put it shoulder-to-shoulder with the US-French grouping of Carlson and Wagonlit, wbicb agreed to combine their business travel operations in March. Between them, Carlson and Wagonlit had hillings of $10.8bn last year.

American Express is buying the Thomas Cook operations from Westdeutsche Landesbank, tbe German bank which itself bougbt the travel agency and travellers' cbeque business from Midland Bank of the UK for DM600m. WestLB will retain Thomas Cook's travellers' cheque business, as well as its non-US consumer travel agency operations.

In the past year, American Express bas bougbt big domestic business travel agencies in Scandinavia, Brazil and Australia, as well as a regional US agency based in Texas. Carlson Wagonlit Travel, the business travel joint venture between tbe US and Frencb companies, has made acquisitions in the Far East.

The US Thomas Cook agency business, which has 385 offices, is being bought from a private US company which operates under a franchise arrangement. Under US hanking laws, WestLB has not been able to own this outright. American Express is thought to have sounded out antitrust authorities in Washington on the US part of the deal, and to have received an initially favourable response.

Renewed fears of rate rise ■ Dollar and pound weaken against D-Mark

Shares and bonds hit by US factory prices surge

By Patrick Harverson in New York and Jurek Martin in Washington and Our Markets Staff in London

Bond and stock prices on both sides of the Atlantic tumhled yesterday after the US government released data showing an unexpectedly sharp increase in wholesale prices during August.

The figures suggest that inflationary pressure may be huilding up in the US economy and revived fears among investors and traders that tbe Federal Reserve will raise interest rates again soon to slow the pace of economic growth and curb inflation.

Tha Fed last raised interest rates on August 16, the fifth tightening of US monetary policy since February. At the time, Wall Street analysts hoped it would be tbe last rate increasa until at least November. Yesterday's data on wbolesale prices, bowever, may persuade the Fed that it has not yet done enough to fight off inflation.

The selling on financial markets yesterday was widespread. In New York, the Dow Jones Industrial Average fell 35.33 to 3,873.13 by 1pm, and bond prices dropped steeply. The fall in bonds pushed the long bond yield, the most widely followed measure of long-term interest rates, up to almost 7.7 per cent – its highest level since July.

The sell-off on Wall Street spread to Europe, where early gains quickly turned into losses as traders scrambled to unload the more hopeful positions they had taken earlier in the day. In London, the FT-SE 100 index of leading stocks closed down 40.7 at 3,139.30, and in Frankfurt the Dax index ended 22.52 lower at 2,155.58. The Paris CAC-40 dropped 2.2 per cent from its day's peak and 34.57 points on day, to 1,948.83.

The US data also sent European government bonds tumhling as the prospect of another rise in US rates dashed any lingering bopes of further monetary easing in Europe. "It is another nail in the coffin of those who believed that further cuts in Europe were likely," said one bond salesman. "Many more people are moving to the bear camp."

A further worry was that the price fall was accompanied hy some relatively beavy selling of cash positions, suggesting that fund managers were growing tired of waiting for a recovery in bond prices.

UK gilts fell hy 2 points at one stage, sending tbe yield on 10-year paper up by 26 hasis points to 8.82 per cent, the highest level since June. German government bonds were also weak, pushing 10-year yields hack above 7½ per cent.

The producer price data also prompted a sharp fall in the dollar, with traders fearing that another policy tightening might be required. The US currency was trading at DM1.5383 in the afternoon in New York, down from a high before the figures of DM1.5620.

The weaker dollar helped sterling, which firmed to $1.55, from $1.54 before the release of the price figures, but the pound fell two pfennings against tbe stronger D-Mark, to DM2.3850, from DM2.4050. The sharp and adverse market reaction was prompted by the US government report of the largest single monthly increase in wholesale prices for nearly four years. The Labour Department said that the producer price index in August had risen hy 0.6 per cent from July, the higgest jump since tbe 1.1 per cent increase of October 1990.

The advance, in excess of market expectations, comes on top of a 0.5 per cent rise in July compared witb June, when no increase was recorded. In tbe first eigbt months of tbis year, wholesale prices have gone up at an annual rate of 2.9 per cent.

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London stocks, Page 13
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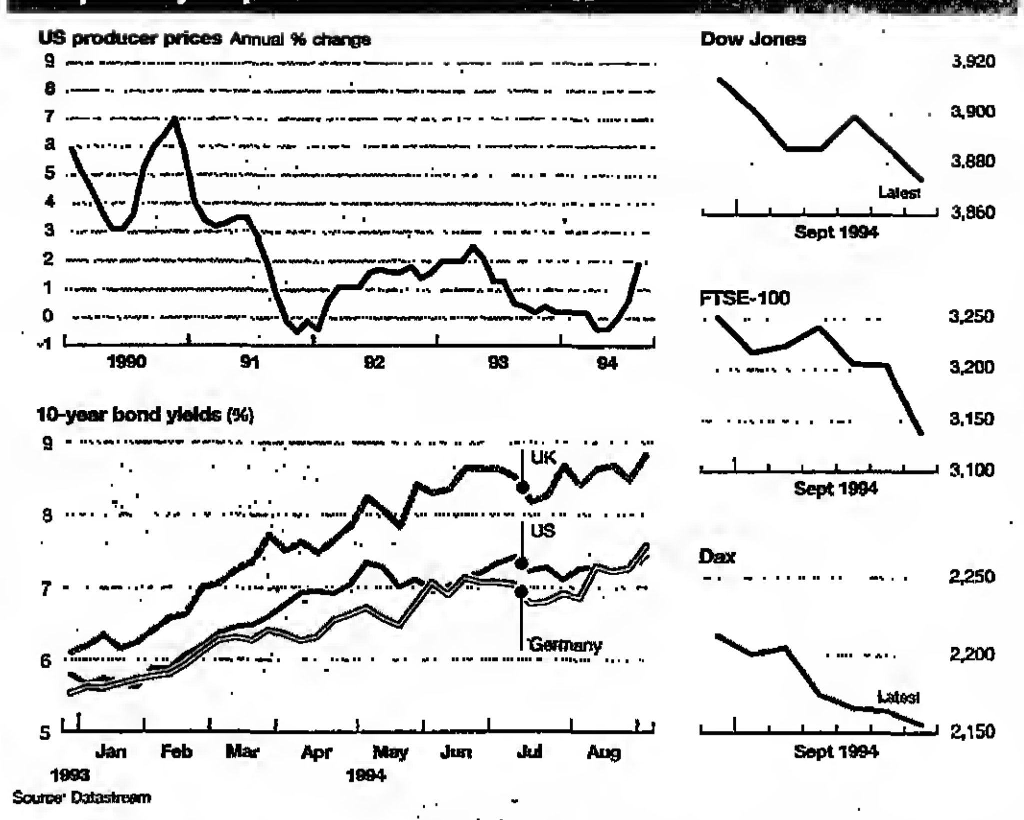
US price jump hits world markets



De Beers accuses Russia of $500m gem 'leak'

By John Lloyd in Moscow

De Beers has accused Russia of "leaking" up to $500m (£322.5m) worth of uncut diamonds on to the world market, seriously violating the agreement between the South African group's Central Selling Organisation and the Russian producers.

The company believes the contract, vital to maintaining control of rough diamond prices, may not he renewahle after the end of next year, when it expires.

Talks in Moscow this week between De Beers executives and the Russian Committee on Precious Metals, together with Mr Anatoly Golovaty, the deputy finance minister, on the huge level of unofficial sales hrought the two sides no closer together. Tbe company's executives remain pessimistic about future co-operation.

Russia is the second-largest diamond producer after De Beers' own production in Botswana and South Africa. Its defection from tbe De Beers-controlled cartel would be likely to set off a price war that could send prices tumbling. The CSO sold a record $2.6bn (£1.67bn) of diamonds in the first half of 1994.

De Beers has limited scope for reasserting order in the market, in spite of its traditional domination of diamond sales. If it refuses to renew the agreement, it will he faced with a large

Continued on Page 22

Major calls for nationwide drive against 'yob culture'

By Ivor Owen, Parliamentary Correspondent

Mr John Major yesterday called for a drive to dispel public despair over crime as be declared war on "yob culture" and indicated a growing leaning towards identity cards.

While insisting that Britain is safer, more civilised and more secure than most countries, the prime minister admitted: "When I talk to people I sense that the fear of crime is greater than I can ever remember."

Mr Major advocated the building of "a buge national partnership against the criminal, in every city and county, every workplace, every school and every home".

The prime minister underlined the importance attached by the Conservative party to regaining its lead on on law and order issues. In the run-up to next montb's Tory conference, tbe prime minister was also keen to address the Tory activists' favourite issue.

But Mr Major's call for a crime crackdown was greeted witb scepticism in some quarters. Mr Peter Cadbury the former head of Westward Television who announced, after his home was burgled last montb, that he would no longer provide financial support for the Conservative party, was far from encouraging. He doubted whether it would be possible to build a partnership against crime and forecast that the Tories would be "wiped out" at the next general election.

Mr Major called on magistrates to make full use of their powers to give tougher sentences for so called "petty offences".

The prime minister said be looked lor "a real national effort to huild an anti-yob culture", ruled out legalising cannabis and other soft drugs and hinted that the government was close to being persnaded that identity cards should be introduced.

He said: "Anything that could cbeck crime and cut fraud must be worth a look. It is crime and the fear of crime that most violate our civil liberties."

Outlining measures already in place, be said tbey would cut down tbe "scandalous over-use of cautioning for persistent offend

Continued on Page 22

STOCK MARKET INDICES

FT-SE 100:	3,139.3	(-40.7)
Yield	4.03	
FT-SE Eurotrack 100	1,370.0	(-9.96)
FT-SE-A All-Share	1,578.98	(-1.1%)
Nikkei	19,897.8	(-19.9)
New York: lunchtime		
Dow Jones Ind Ave	3,873.80	(-34.66)
S&P Composite	468.55	(-4.59)

■ LONDON MONEY

3-mo Interbank	5 3/32%	(same)
Liffe long gilt fut:	Dec 100 19/32	(Dec101 1/16)

■ US lunchtime RATES

Federal Funds:	4 11/16%
3-m Treas Bills: Yld	4.677%
Long Bond	97¾
Yield	7.688%

■ NORTH SEA OIL (Argus)

Brent 15-day (Oct)	$16.41½	(16.44)

■ GOLD

New York Comex (Dec)	$395.8	(394.6)
London	$391.85	(391.5)

■ STERLING

New York lunchtime:		
$	1.552	
London:		
$	1.5509	(1.5455)
DM	2.3914	(2.4051)
FFr	8.1936	(8.2422)
SFr	1.9948	(2.0137)
Y	153.95	(153.618)
£ Index	78.6	(78.8)

■ DOLLAR

New York lunchtime:		
DM	1.53735	
FFr	5.2665	
SFr	1.2815	
Y	99.2	
London:		
DM	1.5419	(1.5582)
FFr	5.2832	(5.3332)
SFr	1.2862	(1.303)
Y	99.265	(99.4)
$ Index	62.5	(62.8)
Tokyo Y 99.55		

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Austria Sch30; Bahrain Din1.250; Bermuda $2.00; Belgium BFr65; Canada C$1.75; China RMB26.50; Cyprus C£1.10; Czech Rep CZK50; Denmark DKr16.00; Egypt E£5.00; Estonia Ekr 20.00; Finland Fmk14; France FFr3.50; Germany DM3.60; Greece Dr300; Hong Kong HK$18; Hungary Ft185; Iceland IKr210; India Rup60; Indonesia Rp4,050; Israel NS6.90; Italy L3000; Japan Y500; Jordan JD1.50; Korea Won 3000; Kuwait Fils.625; Lebanon $US1.50; Luxembourg LFr65; Malaysia Rm4.80; Malta Lm0.60; Morocco Dh15.00; Nigeria Naira50.00; Netherlands Fl4.25; Norway Nkr17.00; Oman OR1.50; Pakistan Rs40; Philippines Peso 50; Poland Zl 38,000; Portugal (m'land) Esc225; Qatar QR13.00; S.Arabia Rls11.00; Singapore S$4.30; Slovak Rep KSL50; South Africa R17.00; Spain Pta225; Sri Lanka Rup30; Sweden SKr16.00; Switzerland SFr3.30; Taiwan NT$65; Thailand Bht50; Tunisia Din1.500; Turkey L30000; UAE Dh12.00; USA $1.50

 No 32,468 Week No 36

LONDON · PARIS · FRANKFURT · NEW YORK · TOKYO

Ailing French president prepares the ground for the judgment of history

Mitterrand wields double-edged sword

By David Buchan in Paris

In recent days François Mitterrand bas been bebaving like a man clearing his desk, putting a gloss on his presidential record for posterity, and emptying out dusty drawers before the historical cleaners arrive to uncover more murky incidents in his past.

One of his doctors affirmed yesterday that the president, whose 78th birthday falls next month and who has been suffering from prostate cancer for at least two years, was "fine". And indeed on Thursday Mr Mitterrand was in Berlin to take the farewell to his country's troops there, and he was back in Paris yesterday to greet President Jiang Zemin of China with whom he will sign some big-figure trade contracts today.

But what the president has told Le Figaro newspaper in two long interviews this week, and Mr Pierre Péan, the author of a startling book on the 1936-47 period of his youth, has left an extraordinary ambiguity around everything, including his health. He told Le Figaro that he reckoned his cancer "will be obliging enough for me to finish my term" which ends next May, but also said he was conscious that he would only be around "for a few months or years".

As Mr Mitterrand, a specialist in ambiguity, well realises, such comments only fuel the uncertainty in the markets and the French political world about an early election. In addition, the Socialist president has managed to spray criticism and praise around in such a way as to help destabilise French conservatives. This would be wholly welcome to his own party, if it were not the fact that revelations about his right-wing and Vichyist associations before, during and *after* the second world war have shocked many Socialists.

It was already known that the young Mitterrand participated in some right-wing movements before the war, and that after his escape from a German prisoner camp in 1941, he worked for the Vichy administration for a year or so before sliding into the resistance.

But what has shocked many French is the disclosure of Mr Mitterrand's friendly associations with Mr Jean-Paul Martin and Mr Réné Bousquet, senior officials in the Vichy police. Mr Mitterrand, while president, apparently attended Mr Martin's funeral in 1986. He also told Mr Péan that he considered Mr Bousquet "sympathetic"; yet as president he inaugurated a day of national mourning for one of the Jewish deportations in 1942 of which Bousquet was accused. The latter was assassinated last year before he could face war crimes charges.

In the same interviews, Mr Mitterrand also delves into his more recent past. He says, for instance, that his 1989 call for a Europe-wide confederation was misinterpreted as a bid to keep eastern Europe out of the European Union, and that his 1991 resistance to German calls to recognise ex-Yugoslav republics' borders was not an attempt to freeze the Titoist order there.

But of more current interest are the various stones he casts in the path of Prime Minister Edouard Balladur by revealing divisions in the conservative government over whose Wednesday cabinet meetings he presides. In addition to warning rank-and-file Gaullists of "the certain tendency" of their government "to re-enter the ranks of Nato", he also notes that Mr Alain Juppé, the foreign minister, sided with him - and against the prime and defence ministers - on intervention in Rwanda. On Algeria, he points out the way that Mr Balladur sided with Mr Charles Pasqua, the interior minister, and against Mr Juppé.

Anything ressembling praise for Mr Juppé is tacit encouragement to Mr Jacques Chirac, whose presidential bid the foreign minister backs against that of the prime minister. Clearly, the president intends to go on dividing before he stops ruling.

Bundesbank member hits at move to soften Emu terms

By David Marsh

Mr Reimut Jochimsen, a leading member of the Bundesbank's decision-making council, yesterday attacked attempts to relax the terms under which European Union states could take part in economic and monetary union.

Speaking as an informal meeting of European finance ministers was getting under way to discuss the issue in southern Germany, Mr Jochimsen said a big operation for softening the convergence criteria was already starting.

In remarks at an Anglo-German university conference in Oxford, he opposed indications that European finance ministers may decide that Ireland meets the terms, in spite of its large government debt.

Ireland's government debt was about 90 per cent of gross domestic product, well in excess of the 60 per cent level set by the Maastricht Treaty, Mr Jochimsen pointed out. "This gives the wrong signal," he said, adding that Belgium, Italy and Greece had even more acute debt problems.

He welcomed as a contribution to debate last week's proposals from Germany's Christian Democrats on differing paces of European integration.

However he doubted the wisdom of proceeding to monetary union with "core members" at a time when the European Union had to open membership to the east.

He underlined the Bundesbank's longstanding wish that monetary union should be embedded in a full-scale political union embodying the principle of subsidiarity - carrying out decision-making as closely as possible to the local level.

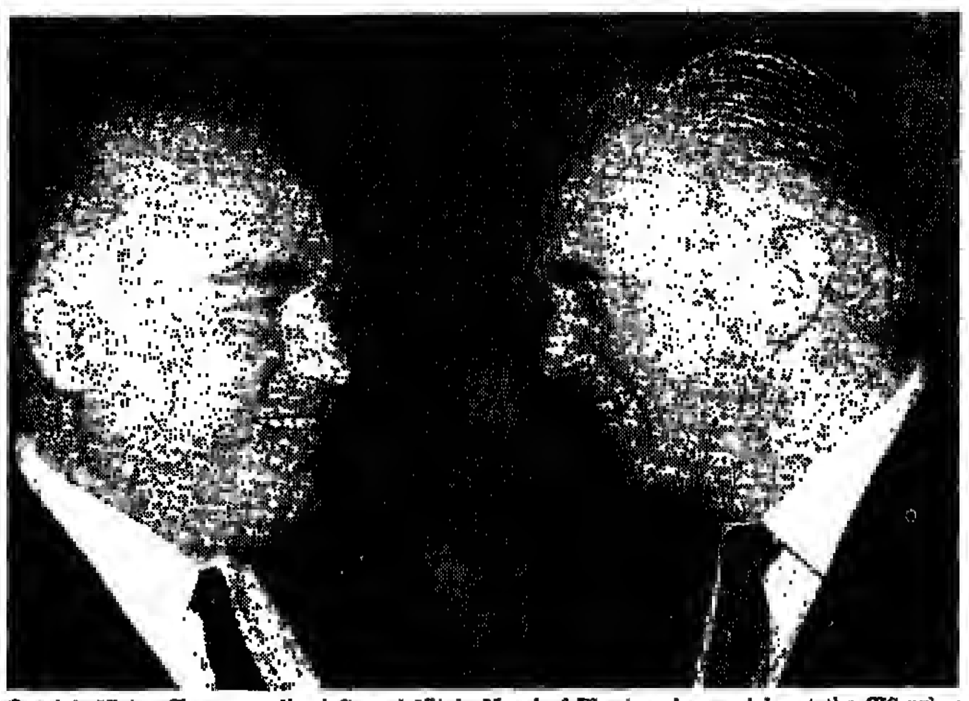
"If we want to take this powerful step of Emu we will need a federal order in Europe...no one wants a superstate, but unless we have the right framework it might be necessary, as a last resort, to give up this project."

Mr Jochimsen expressed concern that acceptance was growing only "very hesitantly" of the need for a "common political roof" for monetary union.

He said Germany's original request before the Maastricht summit in December 1991 for thoroughgoing steps towards political union had not been simply a bargaining tactic. Rather, it was a crucial precondition to make Emu work.

CIS strengthens economic ties

By John Lloyd in Moscow



Russia's Victor Chernomyrdin, left, and Vitaly Masol of Ukraine share a joke at the CIS prime ministers meeting in Moscow yesterday Reuter

The Commonwealth of independent States yesterday agreed to form a payments union and an interstate economic committee in a drive to strengthen economic ties.

The interstate economic committee, described by Russian deputy prime minister Alexander Shokhin as roughly equivalent to the European Commission, is designed to put into effect the economic treaties signed by members of the CIS, but often not implemented. The payments union is an attempt to achieve relatively speedy settlement of accounts between states with independent, and non-convertible, currencies.

An official communique from a meeting of CIS prime ministers in Moscow yesterday said both mechanisms were approved by all members except the central Asian republic of Turkmenistan and the Caucasian republic of Azerbaijan. Representatives of these two states asked for further time to study the plans after saying they would dilute their sovereign rights.

At the meeting Ukraine showed it still wanted to keep its distance from a closer union with the Russian-dominated body, in spite of the election of a more pro-Russian president in Mr Leonid Kuchma earlier this year.

Mr Vitaly Masol, the Ukrainian prime minister said that since the proposal for a payments union assumed the free convertibility of national currencies at their market price, it should be brought in slowly through bilateral agreements between the states. "For the free floating of the Ukrainian coupon we need a stabilisation fund and gold reserves, neither of which we have."

Mr Igor Mityukov, Ukrainian vice premier for the economy, said Ukraine did not intend to change its status as an associate member of the CIS economic union - and thus it could only become an associate member of the interstate economic committee, taking part only in selected discussions.

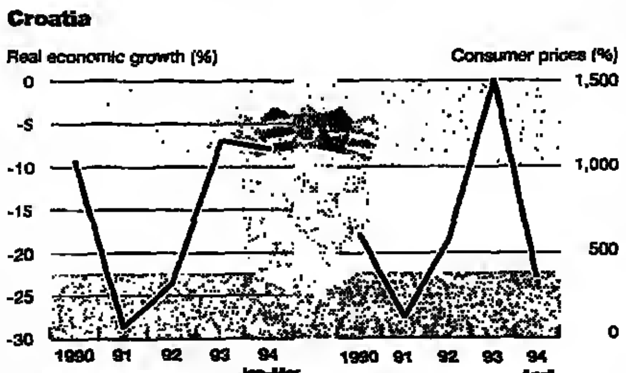
● Russia's regional governors yesterday demanded that the government erect tariff walls to protect Russian industry against the "uncontrolled" flood of foreign imports. Mr Nikolai Sevriugin, governor of the Tula region and an emissary from a meeting of the Union of Governors in Yaroslavl, told government ministers that "the untimely policy of opening the doors to exports will lead to the extinguishing of Russian consumer goods and other industries".

At the meeting, Mr Oleg Soskovets, the first deputy prime minister, said he would respond "positively" to a proposal from Rosugol, the Russian state committee for coal production, for subsidies initially amounting to Rbs110bn ($50m) to subsidise coal exports and raise the planned sales to Europe from 9m tonnes to 16m tonnes this year rising to 30m next year. The ministers also agreed to increase subsidies to coal transport so that the tariffs paid by the producers are cut by 50 per cent.

Pope picks up remnants of peace mission with visit to Zagreb

By Laura Silber and Anthony Robinson

Croatia



Source: Deutsche Bank

Sarajevo's beleaguered status and fragile security was cruelly underlined by the Pope's decision to abandon his planned visit this week. But the Pontiff is assured of an enthusiastic welcome when he arrives in Zagreb today for his long awaited visit to the capital of staunchly catholic Croatia.

The first papal visit formally celebrates the 900th anniversary of the establishment of the Zagreb diocese. But it was originally planned as part of a more ambitious scheme to visit the three feuding capitals of former Yugoslavia to plead for a return to religious and cultural co-existence between those of catholic, orthodox and Islamic belief.

Gunmen, and fear of another assassination in the city where a Serbian nationalist fired the shot which ignited the first world war scuppered the first speech. A hostile reaction from the orthodox church prevented the Pope's healing words being heard in Belgrade.

The risk now is that the Pope's visit to Zagreb alone will be twisted by propagandists as evidence of Vatican support for the Croatian president, Mr Franjo Tudjman, and behind the scenes support by the world-wide catholic church for one side in the Yugoslavian conflict.

In fact the Vatican has never hidden its reservations over the personality and policies of Mr Tudjman, a former communist general turned Croat nationalist. His insensitivity to the fears of Croatian Serbs at the time of independence played into the hands of Mr Slobodan Milosevic, his Serb counterpart, and contributed to the post-independence uprising by ethnic Serbs in Slavonia and the Krajina regions.

The independent Croatia which the pope is visiting this weekend is not the prosperous, independent state dreamed of by Croats for centuries. It is a rump state with one-third of its territory controlled by Serbs who possess the most fertile land in Slavonia and block access to the Dalmatia coast which once provided more than $1bn a year in tourist earnings.

It is also a country still at war in neighbouring Bosnia where Zagreb's clandestine deal with Belgrade for a two-way territorial carve-up and initial support for Croat nationalists degenerated into a three-way conflict. Again it was largely discreet papal diplomacy which persuaded Mr Tudjman to lean on the Bosnian Croats and persuade them to accept the uneasy Croat-Moslem alliance which currently prevails.

For a brief weekend the papal visit will raise the spirits of the Croat nation. He will call for reconciliation, address the rights of minorities and call for the return of refugees. They will be words of special relevance for the estimated 250,000 Croats and ethnic Hungarians driven from their homes in 1991 and hoping that the Pope will be able perform the miracle which continues to elude armies, politicians and international negotiators. The unanswerable question is whether the Serbs, with similar hopes and fears, will be listening.

US upsets Paris with OECD demand

By Guy de Jonquières in London and Lionel Barber in Brussels

The Clinton administration has expressed its firm opposition to Mr Jean-Claude Paye continuing as secretary general of the Paris-based Organisation for Economic Co-operation and Development after his term expires at the end of this month.

An unusually blunt US statement, sent by the State Department to the Washington embassies of other OECD members this week, has angered the French government, which will seek EU backing for Mr Paye's candidacy at informal meetings of foreign and finance ministers in Germany this weekend.

The statement, ruling out Mr Paye's renomination even on a stop-gap basis, reflects increasing impatience at what Washington regards as European foot-dragging over decisions on the OECD job and the future development of the body.

The EU ministers will also seek to agree on candidates for the top jobs at Nato, the Western European Union and the World Trade Organisation, the planned successor to the General Agreement on Tariffs and Trade.

Mr Willy Claes, the Belgian foreign minister, yesterday won his government's support as candidate for secretary general of Nato, succeeding Mr Manfred Wörner, who died last month.

Consensus at this weekend's meetings could be hard to achieve if EU governments insist on linkages between the various posts. Some of France's partners fear it may demand that they back Mr Paye for the OECD in return for French support for Mr Renato Ruggiero, an Italian former trade minister, as the EU's candidate for the WTO.

French officials were discouraging such speculation last night.

OECD ambassadors will again seek to agree on who should fill the post in Paris on Thursday. The other candidates are Mr Don Johnston, a Canadian former politician strongly backed by the US, which argues Mr Paye's 10 years in the job is enough; Lord Lawson, the former UK chancellor of the exchequer; and Mr Lorenz Schomerus, a senior German economics ministry official.

Mr Claes is competing for the Nato post against Mr Thorvald Stoltenberg, the Norwegian foreign affairs minister and UN mediator in former Yugoslavia, and Mr Hans van den Broek, the Dutch EU commissioner responsible for external political affairs.

Though Mr Claes won widespread approval for his performance during the Belgian presidency of the EU last year, diplomats in Brussels said yesterday there was behind-the-scenes pressure on Mr Douglas Hurd, the UK foreign secretary, to stand. Mr Hurd, however, is said to be reluctant to move.

If Mr Claes were to succeed Mr Wörner, it would most likely mean the removal of Mr Karel Van Miert, the popular Belgian EU commissioner for competition policy. Because both Mr Claes and Mr Van Miert are members of the Flemish Socialist party, other members of the governing coalition would most likely demand compensation. Belgium is allotted one nomination for the next European Commission, which begins next January.

● The German government confirmed yesterday that its two candidates to be members of the next European Commission would be Mr Martin Bangemann, the current industry commissioner, who is a member of the minority Free Democratic party in the Bonn coalition, and Mrs Monika Wulf-Mathies, leader of the ÖTV public sector workers' trade union, nominated by the opposition Social Democrats.

Mappin and Webb opens Prague store

Vincent Boland wonders whether Czechs are ready for the ultimate in consumerism

The Czech Republic's new rich, thanks to the country's breakneck economic transformation, are no strangers to German cars, French perfumes, Italian clothes, Japanese electronics and American computers. Now they have been asked the ultimate consumer question: Are they ready for a hand-made, diamond-studded, £45,565 René Boivin wrist watch?

One man who thinks they are is Mr Naim Attallah, chief executive of Asprey, the London jeweller which owns Garrard, the crown jewellers, and Mappin & Webb, the upmarket jewellery and luxury goods chain. Yesterday Mappin & Webb opened in Prague.

"I've got a good hunch about Prague," said Mr Attallah, explaining why he chose the Czech capital as Mappin & Webb's first European store outside the UK. "It's new, it's enterprising, people are making money."

Mr Attallah said he believed Mappin & Webb's £2.5m investment in the new store, located on the main tourist route through the centre of Prague's Old Town, would show immediate results. He said he expected turnover of $2m in the first year and profits of about £150,000.

"The risks are very minimal," he said. "It is definitely not too early to go in."

The store's main target is not, he insisted, the thousands of tourists who pass its front door every summer as they traverse Prague's famous Royal Route.

"We are opening for Czech business," he said, adding that the store stocked more affordable items, too.

Ms Wiz Marshall, Mappin & Webb's promotions manager, who is overseeing the launch of the store, said the intention was to offer a little bit of English tradition.

Private viewings may be arranged for top clients, and serious customers will be offered tea or a glass of wine as they consider a fine diamond, or a sterling silver cutlery set. This will certainly make a change from the scowls that often greet customers at many Prague stores.

Mr Attallah said he originally planned to open a store in Shanghai, another city rediscovering its taste for free-wheeling capitalism and the material benefits it can bestow. He decided on Prague after "wearing my feet out" wandering around the city one sweltering evening earlier in the summer, following a visit to the opera.

INTERNATIONAL NEWS DIGEST

Dehaene plea to Schneider chief

Mr Jean-Luc Dehaene, Belgium's prime minister, yesterday called upon Mr Didier Pineau-Valencienne, the fugitive French industrialist and chairman of Groupe Schneider, to surrender to Belgian authorities. Mr Dehaene warned that it would set "a dangerous precedent" if justice was flouted. "No person is above the law," he said. Mr Dehaene's intervention threatened to exacerbate strains between Belgium and France over the fate of Mr Pineau-Valencienne, who faces charges of fraud and embezzlement relating to Cofimines and Cofibel, two Belgian subsidiaries of Groupe Schneider. The Schneider board yesterday issued a formal statement in support of Mr Pineau-Valencienne. The statement followed an emergency board meeting called to discuss the international arrest warrant for Mr Pineau-Valencienne obtained by the Belgian judge investigating the alleged fraud.

Mr Pineau-Valencienne has pledged to co-operate with the Belgian authorities, but only on condition that the interviews take place in France under the supervision of French authorities. His cause has been taken up in France, notably by Mrs Edith Cresson, the former Socialist prime minister and one of France's two nominees to the next European Commission. *Lionel Barber, Brussels, and Alice Rawsthorn, Paris.*

Russians study Iraq oil plans

A consortium of Russian oil companies is developing plans to invest in Iraq in anticipation of the possible lifting of United Nations trade sanctions by 1997. The Russian consortium, consisting of Lukoil, Mashinoimport, and Zarubezhneft, has been talking to Iraqi officials for months about developing existing projects. Zarubezhneft, which handled overseas oil projects in the Soviet era, has worked in Iraq before. But Mr Vagit Alekperov, Lukoil's president, has fleshed out plans in recent meetings with senior officials from the Iraqi oil ministry. Lukoil, one of the new generation of privatised Russian oil companies, is now planning to exploit the western Kurna and northern Rumeila fields in northern Iraq. It is reportedly willing to negotiate initial investments of $800m to $1bn but would need a total of $2.3bn (£1.5bn) for oil prospecting and equipment supplies. *John Thornhill, Moscow.*

Moscow 'cannot join Nato'

Russia cannot be integrated into the European Union, or into Nato, Mr Volker Rühe, Germany's defence minister, said yesterday. He told a meeting of US and German defence, economic and political officials in Berlin that while some eastern European countries would eventually join the EU and possibly Nato, Russia was an entirely different "quality". He added that the special co-operation which had developed among the 16 Nato countries over the years would be "endangered" were Russia to join. Mr William Perry, the US secretary of defence, said the decision by Nato's Partnership for Peace to include Russia was based on the need to co-operate with Russia to minimise the threat of a nuclear holocaust happening: "That fact must always be at the centre." *Judy Dempsey, Berlin.*

New US Europe trade strategy

The US will launch a new European-wide commercial strategy aimed at increasing trade with western and eastern Europe, Mr Jeffrey Garten, US under-secretary of commerce, said yesterday in Berlin. He said Washington's trade ties with Germany would form the basis for this strategy, as well as providing a crucial stepping stone for US companies seeking to expand into eastern Europe. He told a meeting of senior US and German political and economic officials: "Commercial issues have moved to the centre of our foreign policy. How we handle this aspect of our relationship [with Germany] will be a driving force for the broader ties we seek in the arenas of politics, security and culture." *Judy Dempsey, Berlin.*

Palestine aid talks break down

Talks on foreign aid to support Palestinian self-rule broke down yesterday in an Israeli-Palestinian dispute over whether some of the funds could be used in east Jerusalem. The conflict drew a rebuke from the World Bank, sponsor of the talks, which said the aid issue was too important to be "derailed by the two main parties". The bank indicated it would try to resume the negotiations, but set no date for reconvening the delegations from donor nations. A Palestinian official said 6 per cent of the Palestinians' $160m 1994 operating budget was proposed for projects in Jerusalem. *AP, Paris.*

India borrowing curb

Indian officials yesterday signed an agreement to cap the government's borrowing from the country's central bank, aiming to curb public sector over-spending. The government is limiting itself to borrowing a maximum of Rs60bn (£1.2bn) from the Reserve Bank of India, the central bank, in the current financial year. It is also accepting a ceiling of Rs90bn on the net amount it can borrow for periods of over 10 days during the financial year. Similar ceilings are to be set in 1995-96 and 1996-97 after which the government will stop borrowing directly from the central bank and will raise funds from the markets.

● The rate of growth of India's exports, an important test of its economic liberalisation programme, is slowing markedly. Exports in July were 6 per cent up on July 1993. *Stefan Wagstyl, New Delhi.*

Taiwan's investors shun China

Approved Taiwanese investment in China fell sharply during the first eight months of the year to $652.1m, down 31 per cent from the same period in 1993, according to government figures published yesterday. For 1993, Taiwanese commitments in China totalled $3.17bn. Taiwan's overseas investments to August, apart from those in China, climbed 15 per cent from a year earlier to $1.15bn. The government's Investment Commission attributed the rise to increased funds flowing into the British Virgin Islands, through which Taiwanese companies may invest in Europe without paying tax. Such investments jumped 137 per cent to $821.4m, making the islands the largest investment destination so far this year. China's mishandling of a murderous attack on 24 Taiwanese tourists in China's Zhejiang province in late March dealt a blow to investor confidence. *Laura Tyson, Taipei.*

Cosatu leader re-elected

The Congress of South African Trade Unions (Cosatu) yesterday re-elected incumbent general secretary Mr Sam Shilowa and pledged to strengthen its formal political alliance with the African National Congress and the South African Communist party. The unopposed election of Mr Shilowa at the federation's national congress in Soweto quashed speculation that he would be challenged for the position, while approving continued links with the ANC seemed to show willingness to co-operate with, rather than oppose, the government. The federation has been struggling to define its role since many leaders left the trade union movement for political office, and tensions between the ANC-led government and Cosatu have risen over a recent wave of strikes. *Mark Suzman, Johannesburg.*

First Family ties flourish

Two men with family ties to the White House survived primary elections in Florida on Thursday. Mr Hugh Rodham, brother of the First Lady, finished first in the Democratic contest to field a candidate against Republican Senator Connie Mack in November. But his 34 per cent forces him into a run-off poll on October 4. If he wins then, his chances against Ms Mack are still reckoned small. Mr Jeb Bush, second son of former President George Bush, won the Republican primary in the governor's race with 46 per cent and also faces a run-off for the right to fight Mr Lawton Chiles, the incumbent Democrat, in what is predicted to be a close race. Mr Jeb Bush's older brother, George Jr, is also in a governor's race as a Republican - in Texas against the incumbent Ms Ann Richards. *Jurek Martin, Washington.*

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British Airways affirms its partnership with the financially troubled US carrier

USAir disaster is fifth in five years

By Paul Betts, Aerospace Correspondent

US federal aviation investlgators yestarday mounted a search to discover the cause of the fifth crash of a USAir passenger airliner in as many years, which was feared to have killed all 132 people on board.

The accident is a furtbar hlow to the financially troubled airline, in which British Airways holds a 24.6 per cent stake, and led to the brief suspension of USAir's ahares on the New York stock exchange.

But Sir Colin Marsball, BA's chairman, said in Atlanta the UK carrier had no plans to pull out of its partnership with USAir, the sixth largest US carrier which is trying to put together a sweeping restructuring package to stem heavy losses. He denied suggestions that the US carrier's financial problems were connected to the crashes. The accident, involving a Boeing 737-300 twin engine aircraft on its landing approach near Pittsburgh airport on Thursday night, was the worst in the US since a Northwest Airlines McDonnell Douglas MD-80 crashed on take-off at Detroit in 1987, killing 156 people.

Although investigators were reported to have found the aircraft's "black hox" flight recorder, which they hoped would provide clues to the cause of the crash, officials yesterday said the cause could take weeks to astabliah because of what one called "the severity" of the accident.

The aircraft, en route from Chicago, was preparing to land when it plunged into a ravine about half a mile from a shopping centre. Some witnesses said the aircraft lost power and appeared to have suffered a shutdown of both engines. Others said there was an explosion before the aircraft nosedived into the wooded ravine.

Weather conditions were clear in the area before the crash. Pittsburgh airport lost radar contact with the aircraft at 6,000ft seven miles west of the airport, a Pittsburgh airport official said.

BA has extensive commercial links with its US partner and has already warned it will not inject any further money into USAir until it is satisfied with the restructuring. It has also warned it may write off its $400m (£258m) investment in the airline.

In New York, USAir shares dropped by 10 per cent to $6 in the morning on heavy volume of 1.6m shares. BA shares yesterday closed in London 9p lower at 401p, reflecting the overall decline in the stock market but also concerns over USAir.

The crash came just before public hearings into another fatal accident this year, involving the crash during a thunderstorm of a USAir McDonnell Douglas DC9 near Charlotte-Douglas airport in North Carolina on July 2 which killed 37 of the 57 people on board.

A daughter comforts her mother at Chicago airport after hearing of the USAir crash AP

Boeing said the 737-300 which crashed on Thursday was delivered to USAir in October 1987. It also said that more than 2,600 737a had been delivered to airlines throughout the world since 1967.

The 737-300, which can seat 128-149 passengers, is the mid-sized member of the current second generation of the 737 family. Boeing has launched a programme to develop a new generation of 737a.

Cairo women worlds apart from UN ideologues

In the gloom of "Jimmy's" beauty parlour in the well-heeled Cairo suburb of Heliopolis, the United Nations prescriptions for "empowerment of women", which are being forged in the city's nearby conference halls, seem a world away, writes Bronwen Maddox in Cairo.

The walls of the parlour's cubicles for manicures and pedicures, decked out like underwater grottoes with sea shells, are scattered with soft-focus portraits of weddings and of intertwined hands wearing huge engagement rings.

Much of the opposition which has surfaced in recent weeks to the proposed policies of the UN Conference on Population and Development has been provoked by the perceived threat to traditional patterns of families and marriage.

One elegant woman leaving Jimmy's with coral-coloured nails to matcb her black and coral dress said that the women's groups she had seen on television reports about the conference had seemed "very feminist, very American.

Egyptian men – and women – have very traditional ideas of the woman's place in the family and I don't think that will change," she said.

Dr Nafis Sadik, executive director of the UN Population Fund, who is chairing the conference, has stressed that the UN policy document does not threaten traditional notions of tha family.

That messaga has been reinforced by the Egyptian government which wants to maintain public support for its family planning programma to combat overcrowding and poverty. About half of Egyptian women use contraception regularly, but the use is concentrated in the towns.

Outside the conference halls, however, it is easy to see how the UN proposals to increase women's educational opportunities, encourage them to marry later, and give them eqnal opportunities at work, seem uncomfortably foreign and militant.

In particular, the UN exhortations that women should have equal rigbts at work are met with scepticism hy many Cairo women. The kind of discrimination at work of which Dr Sadik has been inveighing against is evident two doors up from Jimmy's, at Cbez Samir, a renowned hairdressing salon.

Wasbing and switcbiog on the hairdryers is left to the quiet teenage girls, but it is made clear that the business of hair styling is the preserve of the five men. They approacb it like engineering, constructing a scaffolding of rollers, pins, steel grips and thick hairspray on top of client's head to get the greatest height possible.

Judging from the reaction of customers and staff, Dr Sadik's fears that the enduring public memory of the cooference will be the much-publicised row over abortion policy, rather than the central questions of contraception and women's rights, are justified.

"I am not against the conference, you understand," says Miron, a Cairo dentist in her late 20s. "But there has been so much fuss about abortion, I wonder if the conference has looked at the right questions."

Others are sceptical that tha conference will have much lasting effect.

One customer leaving the salon said: "The main thing it has changed is that the traffic is better because of all the police in Cairo in order to protect the security of the delegates."

Seoul to ease hard line over N Korea

By John Burton in Seoul and Judy Dempsey in Berlin

Sonth Korea yesterday indicated it may pursne a more conciliatory policy toward North Korea, reversing its recent tough approach to Pyongyang.

The government of President Kim Young-sam has been criticised for its North Korean policy, which is leaving Seoul increasingly isolated as Washington and Pyongyang conduct negotiations on possible diplomatic ties.

US diplomats will make an unprecedented visit to the North Korean capital today to begin talks on setting up liaison offices between the two countries as part of a deal under which Pyongyang would accept full nnclear inspections.

The two sides will also meet in Berlin where Mr William Perry, the US defence secretary, said he was prepared to offer North Korea "substantial incentives" in return for Pyongyang dismantling its nuclear weapons capacity.

The softening of Seoul's stance on the North is believed to result from talks held in Washington earlier this week between Mr Han Sung-joo, the South Korean foreigo minister, and Mr Warren Christopher, US secretary of state.

The US agreed that progress in US-North Korean relations would have to be linked to an improvemant in inter-Korean dialogue, but it is believed that Washington asked South Korea to improve the atmosphere for a resumptioo of talks between Seoul and Pyongyang.

In a sign of compromise during the Washington talks, South Korea agreed to accept liaison offices between the US and North Korea, according to a senior adviser to the foreign ministry.

The Seonl government has conducted an inconsistent policy over the North Korean nuclear issne since it erupted 18 months ago, alternating conciliatory gestures with tongh statemeots. Tbis reflected deep divisions in the government over the appropriate response to solving the North Korean problem.

Following the death of North Korean President Kim Il-sung in early July, President Kim Young-sam adopted a hardline stance toward the North. He predicted that North Korea was close to collapse and indicated that a planned summit between the two Koreas would not be held as it would give a stamp of legitimacy to Pyongyang's new leadership under Mr Kim Jong-il, the late president's son.

He also ordered a crackdown on leftist stndents who expressed sympathy for North Korea, amid allegations that radicals had infiltrated tbe political establishment and media.

Analysts said the tough policy was meant to raverse a recent drop in Mr Kim's popularity and bolster his support among conservatives, inclodiug the 7m South Koreans who once lived in tbe North before escaping after the communist government tonk power in 1945.

But the South Korean media have spoken of a "crisis in diplomacy" in recent weeks.

Japan on slow but sure road to recovery

By William Dawkins in Tokyo

The Japanese economy's crawl towards recovery became official yesterday, when economic ministers endorsed a report stating that better times were just around the corner.

Japan "is moving toward recovery at a gradual pace," according to the latest monthly report by the government's Economic Planning Agency; slightly more cheerful than the previons month's observation that the economy was "pulling out of the slump". Mr Masahiko Komura, the agency's director-general, said this was not a declaration of economic recovery, merely that the economy was moving that way.

The EPA's monthly reports, closely watched by the financial community for minnte changes in wording, are of less practical than symbolic importance. EPA watchers say the previous report did not mention "recovery".

Yet this latest attempt to spread mild optimism over an end to nearly three and a half years of recession, the longest since the second world war, fell on sceptical ears yesterday. It produced not a twitch in the government bond market, and a chorus of doubt from business leaders.

The agency wrongly declared that the economy had bottomed out last year, so businessmen are almost superstitiously reluctant to believe it this tima.

"Bright factors are certainly spreading, but I believe it only means that the economy is coming out of the worst period, and I have no feeling of real recovery yet," said Mr Shoichiro Toyoda, chairman of both Toyota, Japan's largest car maker, and of the Keidanren business federation.

Less circumspect than his Keidanren counterpart, Mr Takeshi Nagano, president of the Nikkeiren employers' federation, warned that a rise in personal spending might be a one-off, brought on by the hot summer and an incoma tax rebate. "I cannot be optimistic," he said, citing the impact of the yen's continued strength on Japan's export-dependent manufacturing industry.

Despite business leaders' donbts, the EPA report does back np the more respected Bank of Japan's recent quarterly Tankan survey of business confidence. Its most recent Tankan, early this week, indicated that a fragile recovery is emerging, constrained by a weak jobs market and a continued decline in corporate investment.

The real test will be tha EPA's publication, in the second half of this month, of gross domestic product for the second quarter of the year.

Japan produced higher than expected 3.9 per cent annualised growth in the first quarter. Growth usually eases in the second period. So anything near the 1-2 per cent annualised increase that several private sector economists in Tokyo are expecting would prove the agency's moderate cheerfulness to be on the mark after all.

● Japan's top four securities companies' research units have revised upward their forecasts for the earnings of leading quoted manufacturers in the year to next March.

Nomura, the largest and least optimistic, yesterday forecast that blue chip companies' pre-tax profits would fall for the fifth consecutive year, by 0.5 per cent. This is considerably less than the 2.7 per cent reduction it was expecting in June.

The other three – Yamaichi, Daiwai and Nikko – are all forecasting that big manufacturers will show a clear recovery from four years of profit decline. The difference is that, unlika Nomura, they include steel companies' asset sales as earnings.

However, all four agree that a rise in exports, the fruits of corporate cost cutting and a recovery in domestic demand, helped hy an unusually hot summer, are the main features in the improved profits ontlook.

New floppy seems set to spur industry battle

By Michiyo Nakamoto in Tokyo

The 3.5-inch floppy discs that record computer data may not seem likely to lead the charge into the multimedia age.

But a significant advance in floppy disc technology looks set to spur a battle in the electronics industry over what format will dominate the market for next generation recording media.

Fuji Photo Film, the Japanese film maker, has developed an advanced 3.5-inch floppy disc which is capable of recording 50 times as much data as those currently in use.

This opens up the possibility for floppy discs to dominate future markets for portable recording media for the digital data created on the PC.

Conventional floppy discs have a recording capacity of just 4 to a maximum of 21 megabytes, which enables them to record data comprised of only words and numbers.

In the age of multimedia, bowever, recording media would need to be able to record moving pictures and sounds, as well as words and numbers. This requires capacity on the scale of gigabytes, rather than megabytes.

At their current capacity, floppy discs therefore would not be able to record multimedia information. Even magneto-optical discs, until now thought to be the frontrunners in the race to increase recording capacity, can record up to only 230 megabytes.

Fuji's development of floppy discs which can record up to 100 to 200-megabytes of information, puts floppy discs in the frontline of next-generation recording media along with magneto-optical discs.

An advanced floppy disc has several advantages over magneto-optical discs. While MO discs are a relatively new product, floppy discs are in wide use, with production reaching nearly 2.4bn units last year, according to the Ministry of International Trade and Industry.

Demand for floppy discs is expected to reach 3.5bn units in 1994, according to the industry.

Not only would floppy discs be able to capitalise on their familiarity, they are relatively cheap to prodnce. The new floppy discs developed by Fuji Film can be used in conventional PCs hy installing a special, relatively inexpensive, component .

● Kyocera, the Japanese high-technology company, has been ordered by the International Court of Commerce to pay LaPine Technology of the US and Prudential Bache Trada Corporation damages totalling $257m for breach of contract.

Cubans bullish over UK trade delegation visit

By Canute James in Kingston

A high-level British trade mission to Cuba next week could lead to a "significant" increase in business and commercial ties with the European Union, to the detriment of US companies, according to Cuban officials.

The mission, led by Mr Ian Taylor, the trade and technology minister, will include representatives from the leisure, construction and manufacturing industries, and is the first official visit by a British minister in more than 20 years.

Tha officials said tha visit could lead US business to put pressure on their government to relax or remove the 32-year economic embargo before they "lose all opportunities" for business with and in Cuba.

"We are open for business, and the world is realising this," said a Cuban government official. "Wa have a business climate which is better than that in most other countries of our size and our state of development. We have workers who are highly educated and are eager to work."

Castro: not one grain of sand

The Cuban government is also laying great store by recent changes in economic policy which officials say will attract investments and trade opportunities from Britain and other European countries. They point to the free use of foreign currency on the island, and investment regulations which allow the retention and repatriation of profits, and efforts to encourage private individual and co-operative business ventures.

Infrastructural problems and deficiencies in utilities such as power and telecommunications are being mended, they say.

The British mission, in Cuba from Monday to Wednesday, will be encouraged to explore business opportunities in the form of joint or wholly-owned ventures in tourism, manufacturing, biotechnology and the marketing of a range of Cuban agricultural exports.

"Fidel (Castro) said recently that if the United States does not end the embargo soon, there will not be even one grain of sand left here for American business," said the Cuban spokesman. "The British and other governments and companies which are brave enough to ignore American pressure to reduce economic links with Cuba are getting in on the ground floor."

Aware of concern about the safety of foreign investments, the island's government will negotiate an investment protection treaty with Britain later this year, and will be willing to enter similar agreements with other countries, said government spokesmen.

Swan Hunter design team loses work offer

By Chris Tighe

The design team at Swan Hunter, the Tyneside shipbuilder in receivership, faces redundancy on Monday, after a proposal to offer it subcontract work was withdrawn yesterday by Constructions Mécaniques de Normandie. Earlier this week the French company dropped its attempt to buy the yard as a going concern.

Most or all of the 100 design staff will lose their jobs on Monday unless receiver Price Waterhouse is abla over tha weekend to convert othar expressions of interest in buying Swans as a going concern into firm propositions.

Joint receiver Mr Gordon Horsfield said yesterday that the likelihood of this was a "long shot". Mr Horsfield, who earlier this week said prospects of a going-concern sale were now remote, said the redundancies were likely to be announced on Monday.

The loss of the design team would end the ability of the 164-year-old company, one of the world's great shipbuilding names, to tender for new work, in effect sealing its fate.

Their chances of staff finding alternative employment in the shrunken UK shipbuilding industry ware further dented yesterday by an announcement from Yarrow, the Clyde warship builder, thet it now has a "surplus" of 93 technical staff, including drawing office employees.

At Swans, Mr Horsfield said negotiations were likely to start next week on a piecemeal sale of assets. Some deals, he said, could be concluded by the end of the month.

Swans is due to hand over its last vessel, the Type 23 frigate Richmond, on November 2.

Although the company has shed 1,800 jobs since it went into receivership in May 1993, the fact it now has 660 employees and a virtually empty order book is a big impediment to any sale. Under the Transfer of Undertakings (Employment) Regulations, any going-concern purchaser would have to take on £8m of contingent liabilities for the workforce, many of whom hava worked at Swans for 20 years or more.

"It's a classic exampla of a situation in which potential buyers for a business have been frightened off by European legislation which is designed to protect amployment," said Mr Horsfield.

The design team was to have been made redundant on August 31, but the deadline was extended to yesterday after CMN tabled revised purchase proposals 10 days ago following deadlock with the MoD over a previous plan.

On Monday, CMN and Price Waterhouse said they had baen unable to agree terms for a going-concern sale conditional on Swans first winning two years' work before CMN took over. CMN then put forward proposals to acquire Swans' Habburn dry dock, the biggest on the east coast of Britain, and its intellectual property rights. It also proposed to offer the design team subcontract work up to the end of the year. It is still bidding for Hebburn and Swans' intellectual rights.

In a statamant which indicated increasing frustration with CMN, Prica Waterhousa said yesterday: "This is the third proposal we have considered from Soffia/CMN in as many weeks, and each has failed to come to fruition. The frustration felt by the design team, and the bitterness of the whole Swan Hunter workforce, can only be imagined as their hopes have been raised and dashed once again."

Mr Peter Chapman, Swans' MSF representative, said CMN now had no credibility with tha workforce. "It's the way they have strung us along, and their indecisiveness."

Mr Fred Henderson, leader of CMN's bid team, said it had withdrawn its subcontract proposal yesterday aftar tha receivers said it must start paying the design team's £200,000 monthly wage bill now without any certainty of acquiring the Hebburn dry dock. He said CMN wanted the dry dock to carry out shipbuilding.

Stock exchange urged to diversify

By Norma Cohen, Investments Correspondent

Stock exchanges which offer only one method of share trading, such as London, may need to diversify their range of dealing techniques or face a loss of business to new low-cost trading mechanisms, an article in the London Stock Exchange's Quarterly Review says.

"An exchange which offers only a single trading mechanism may lose out at a time when alternative investment strategies are flourishing and trading needs exhibit growing variation," the article says.

The article, by Mr Bruce Weber of New York University, does not purport to be the view of the exchange itself. But many of its members, including some on the board, have been pressing it to accommodate an "order-matching" system alongside its existing marketmaking system.

However, London's marketmaking firms – some of its wealthiest and most powerful – oppose erosion of the system.

An order-matching system simply matches the orders of a large group of buyers and sellers with each other while a marketmaking system designates securities firms who agree to buy and sell the shares of particular companies in large quantities in all market conditions.

Earlier this year the board approved funding to build the hardware necessary for an order-matching system, although it agreed to put off any decision on whether it should ultimately be built until the end of next year. Some board members fear competition from a new start-up order matching dealing system, Tradepoint, which is applying to become a regulated investment exchange in London.

The article concludes that "an exchange's best response may be to pre-empt these alternatives by offering a range or linked trading mechanisms including competing market maker quotes, limit order facilities and periodic crossing."

In his article Mr Weber says the drive towards order-matching systems, which has moved significant volumes of business away from the New York Stock Exchange, was prompted largely by the growing popularity of so-called "passive" investment management techniques. These require investors to compile a portfolio of stocks whose performance mimics that of a particular index, such as the Dow Jones Industrial Average and does not require the manager to buy or sell significant positions in a particular security at any particular time. Thus, the immediacy of trading offered by market makers is unnecessary, saving investors money.

However, the article points out that in some instances dealing costs through order-matching systems are higher than those of market making.

Managers' top pay in hospitals is £95,000

By Alan Pike, Social Affairs Correspondent

Britain's best paid hospital manager earned £95,000 last year, but was still worse off than counterparts in industry or commerce, says a survey published yesterday.

Pay of National Health Service managers has become subject to frequent political criticism since the government's health reforms gave trust hospital boards freedom to decide salaries locally.

The survey of 174 NHS trusts shows that chief executives of the country's biggest hospitals – handling annual budgets of more than £110m – earned between £75,000 and £95,000 including performance-related bonuses in 1993-94. There were, however, few managers at this earnings level – only six chief executives received more than £80,000.

While such salaries are good by public-sector standards, the NHS Trust Federation, which represents trust managements and undertook the survey, says that "in business the top manager of a similar-sized operation would expect total earnings to be more than £123,000".

According to the survey chief executives of typical hospitals – with budgets of £50m and several thousand staff – earned an average of £59,000. The federation says this compares with remuneration packages of £107,000 for chief executives of similar-sized private sector companies.

The figures are likely to rise this financial year as more trust chief executives become eligible for performance-related pay. It was worth an average 7 per cent to the 70 per cent of chief executives who benefited last year.

Almost 80 per cent of trust chief executives are shown to be on fixed-term contracts. Although the provision of cars for NHS managers has caused political controversy, the survey shows that 85 per cent of chief executives either provide their own or make personal contributions to running their office cars.

Parsons to cut 600 jobs after contracts delay

By Chris Tigha

Parsons Power Generation Systems, part of the Rolls-Royce Industrial Power Group, yesterday announced the loss of 400 jobs because of a shortage of work. Most of the losses will be at its base in Heaton, Tyne & Wear.

In addition Parsons is shedding 200 temporary jobs at Heaton, where manufacturing work on existing export contracts will finish next summer.

Last November the company won three power-station projects in India totalling £660m. Parsons was to be the turnkey contractor – with overall responsibility for all three projects – and was also to manufacture five turbine generators for the projects.

But the contracts, placed by independent Indian power producers, depended on the negotiation of financial packages which have taken much longer than expected to complete.

The delay on the contracts, which Parsons still hopes to carry out, has combined with tough competition for orders.

Mr Trevor Murch, Parsons managing director, said the company faced a change in the nature of its customers from "state-owned, monolithic utility generators" towards independent power producers.

"For projects run by an entrepreneur there's a complete funding package we need to put together," he said. "These things take a little while."

Raoul Dixon

Parsons union convenor Barney McGill yesterday: job losses are "devastating" but be bopes negotiations and new orders will cut the number of posts to be shed

Parsons, which has made steam turbine generators at Heaton since 1889, has recently developed a new role as a turnkey contractor, responsible for projects incorporating equipment from other Rolls-Royce companies and its alliance partner, US-based Westinghouse. Mr Murch said the role was in addition to Parsons' manufacturing activities.

Parsons stressed it was making "strenuous efforts" to boost its orders, and was continuing investment in product development and new equipment and systems.

The across-the-board job cuts, affecting 360 at Heaton and 40 service jobs elsewhere, will cut Parsons' payroll to 2,100 in Newcastle and to 2,500 in total. Mr Barney McGill, spokesman for the unions, described the job losses as devastating but hoped negotiation, and possibly orders, during the 90-day consultation period would reduce the numbers.

Parsons is Tyneside's largest manufacturing employer following the rundown of shipbuilder Swan Hunter. Mr Nick Brown, Labour MP for Newcastle East, yesterday wrote to Mr Michael Heseltine, trade and industry secretary, saying this had been a "disastrous week" for the area's industrial base and urging him to offer constructive support for Parsons' export drive.

Redundancies at Parsons could be averted, he said yesterday. "We need a prompt response from government offering help with key overseas orders. Michael Heseltine should intervene now – as his French, German, American end Japanese counterparts would."

At least 15 groups likely to bid for coalmines

By Michael Smith

Intense competition is developing in the battle to gain control of British Coal's mining assets on privatisation of the industry later this year.

With just four days to go before the government deadline for accepting bids closes, it seems certain that each of the five "core" regions on offer will attract at least three tenders, and in some cases considerably more.

Scotland and South Wales, both rich in high-quality opencast reserves, are likely to attract the largest number of bids – up to nine in each case. The other regions are based around Yorkshire, Nottinghamshire and north-east England.

Of the 25 companies or consortia that received government approval to bid earlier this summer, at least 15 are likely to bid for one region or more.

The likely level of bidding presents a sharp contrast to gloomy predictions made within the industry last year and the year before when mining was in sharp decline.

While pit closures have caused ministers acute political difficulties, they have enabled the government to reduce the industry to a size that matches more closely the demand for coal and is therefore more marketable.

One disappointment for the government is that RTZ, the only international coal company qualified to bid, seems unlikely to submit tenders, even though it has been looking actively at what is on offer.

Electricity ganerators National Power and PowerGen are also likely to stay out of the fray.

However several large construction companies are thought to be bidders. Taylor Woodrow is understood to be considering tenders in partnership with Kier Mining, while Wimpey is linked to Powell Duffryn, the engineer, for a bid in South Wales. Miller Group has team up with Ryan Group, the mining company, for an assault on Scotland. Amec, another construction company, is thought unlikely to submit comprehensive tenders for the two regions for which it has qualified to bid.

Apart from Ryan, which is also aiming at the north-east region with Alcan Aluminium of Canada, mining companies making bids include RJB Mining, which is expected to tender for all five regions, and Coal Investments.

CI is in a consortium with the Union of Democratic Mineworkers, which wants the central north and central south regions. NSM, another coal company, is considering whether to take up its option to bid for all five regions.

Other bidders include three management buy-out teams.

Bids are also being invited for seven stand-alone pits that have been mothballed by British Coal following closure. One definite bidder is an employee buy-out team at Tower Colliery in Mid Glamorgan, where former participants are prepared to invest £8,000 aach in the venture.

■ Final day of British Association conference hears warning about cash ■ Minister's performance 'must be monitored'

Scientists demand share of Millennium Fund

By Clive Cookson, Science Editor

Science risks being left out of the £1.6bn Millennium Fund, Dr Anne McLaren, outgoing president of the British Association, warned at its science festival in Loughborough yesterday.

Association leaders said scientific projects must be given a share of the fund, which will distribute a quarter of the proceeds of the new National Lottery to projects marking the start of the third millennium.

The only millennium proposal so far with any scientific content is the redevelopment of the area of South Kensington in London inspired by Prince Albert in the 1850s which includes the Natural History Museum.

Dr McLaren's successor, Sir Martin Rees, said one of his priorities during the coming year would be to help organise "high-profile scientific proposals" to put to the Millennium Commission, which will decide how the fund is to be distributed.

"The important thing is to ensure that on the menu of millennium proposals there is at least one that is likely to be widely supported by the scientific community," he said. Sir Martin, who will also become Astronomer Royal in January, said it was too early to specify scientific millennium projects. But be indicated that his preference was for something that would involve people all round Britain in science, rather than creating a grandiose UK equivalent of La Villette, the "science city" in Paris.

One possibility would be a nationwide network of science centres, linked by telecommunications and computer technology. At each centre, visitors could interact with their counterparts elsewhere in the country – videoconferencing, sharing experiences in virtual reality and taking part in collaborative games and experiments.

Sir Martin said another priority during the coming year would be to monitor the performance of the new science minister, Mr David Hunt.

"By the time of our meeting in a year's time in Newcastle, he will be beyond his honeymoon period and we will want to see whether he can deliver on the promises he made in Loughborough this week," be said. Mr Hunt told the association on Thursday of his commitment to fight for science in the government.

"Scientists are being very patient," Dr McLaren said. "Last year's science white paper was well received and it is excellent that we have a cabinet minister responsible for science. But by next summer, unless there are signs of a bit more money forthcoming for the science budget, scientists are going to become very concerned."

Dr McLaren, a distinguished geneticist, added that one sign of trouble was that the Medical Research Council was forced by lack of funds this summer to reject some excellent grant proposals.

Drive for more bank regulation 'may reverse'

By Clive Cookson

The trend towards ever more detailed regulation of banks may soon reversed, a senior Bank of England official told the British Association economics section in Loughborough yesterday.

Mr Lionel Price, head of the Bank's Centre for Central Banking Studies, said tha views of Mr Don Brash, governor of the Reserve Bank of Naw Zealand, might be "a harbinger of a wider shift in opinion". He "has come to the view that banking supervisors should be less ambitious," Mr Price said.

The supervisory burden faced by central banks is made much worsa by tha rapid growth of derivatives, he added. "The pricing of these products, and the measurement of the risks they carry, has provided much rewarding employment for mathematicians," Mr Price said.

Professor David Llewellyn of Loughborough University said the ingredients were in place for a "regulatory nightmare". He proposed moving from regulating specific risks to supervising each bank's risk-management system.

Mr Price also asked whether central banks are necessarily the right bodies to supervise the banking sector. "The distinctions between banks and other financial institutions are breaking down," he said. "As their fields of activity overlap . . . the case for placing them under a single regulator becomes stronger."

Traditional banking is a declining industry, Prof Llewellyn said. As entry barriers coma down thanks to new technology and changes in regulation, banks will lose business to other financial institutions and to non-financial corporations in retailing and manufacturing.

"Direct banking", using new computing and communications technology, will reduce the importance of conventional branches, Prof Llewellyn said. "Institutions with a substantial branch network may find that what used to be a major competitive advantage . . . becomes one of their most expensive problems."

Banks will continue to respond to the encroachment by moving into other financial services. "Howaver, it is unlikely that the market will continue to support anywhere near the current number of banks in the global financial system," Prof Llewellyn concluded.

Artificial hand will be able to raise a delicate glass

By Andrew Derrington

A prosthetic hand that will be sensitive enough to pick up a glass of wine without breaking it will be developed within two years, Mr Peter Nurse of the University of Plymouth said at the meeting yesterday.

Mr Nurse has already developed a prosthetic gripping device strong enough to pick up an iron bar, and sensitive enough to pick up a paper tube without deforming it.

The device, which is being used by a student in Plymouth who has had his hand amputated, only has two "fingers". The full prototype will look like a human hand.

Hand-like prostheses are

Pupils should have to pass a test of "minimum competence in maths and English" before moving on to secondary school, a leading education professor told the meeting.

"If a pupil does not reach that level, then there is a case for extra tuition in the evenings, holidays or, in a few cases, repeating a year," said Prof Alan Smithers of Manchester University's Centre for Education Research.

already in use, said Mr Nurse, but the grip is not easy to control. In order to grip something hard enough to pick it up, they grip until they crush.

The new device is able to combine strength and sensitivity because it has a novel sensor that detects both touch and slipping.

The closing of the hand stops when it makes contact with an object, but if the object starts to slip, the grip is tightened. The prosthetic hand will grip objects just tightly enough to pick them up.

The wearer commands the prosthesis to close or to open by twitching two muscles in his upper arm. Sensors placed over the muscles detect the motion of the skin as the muscle twitches. The batteries in the present model last about six hours.

Judges attacked for relying too much on eyewitnesses

By Andrew Derrington

A new generation of judges is placing too much faith in unsupported eyewitness testimony, the British Association meeting heard yesterday.

The judges have lost sight of the fact that "fleeting glimpses lead to fragmentary and easily influenced memories" said Professor Graham Davies, a forensic psychologist from Leicester University, after reviewing miscarriages of justice.

Identity parades can mislead, he said. The fact that an eyewitness is able to pick the suspect when eight others are present may be irrelevant if none of the other people in the parade looks like the defendant. The effective size of the parade – the number of people in it with the same physical description as the subject – is much more important than its actual size.

Often the effective size can be reduced to one, which means that the identity parade is meaningless. In one case examined by Prof Davies the description of the suspect was sufficient for most people to select his photograph from those of the others in the parade.

Witnesses tend to make their identifications using only two or three key features, often the eyes and the hair, said Prof Davies. They tend to ignore differences in other features such as the mouth and the chin, and will confuse two faces thet are obviously very different.

These problems of eyewitness testimony are wall known to the legal profession. In 1976 Lord Devlin reported the results of a judicial inquiry that recommended that identification evidence alone should not usually be considered sufficient evidence for prosecution.

These recommendations were not fully implemented, in part because of the importance of identification in cases of rape. But there continue to be cases where a conviction on the basis of identification evidence is overturned by evidence that comes to light after the trial.

NEWS: UK

Adams to ask US for visit visa

By Jimmy Burns in Belfast and James Blitz in London

Mr Gerry Adams, the Sinn Féin president, yesterday moved to raise his political profile in the Northern Ireland peace process by announcing he was applying for a visa to visit the US.

He said he had received "thousands of invitations" from the US to explain the recent ceasefire declaration by Sinn Féin and the IRA, and he planned to visit as soon as possible.

Mr Adams is barred from visiting the US, and his application aims to test how receptive the Washington and London governments are to the recent IRA ceasefire. He is also anxious to boost Irish-American support for the republican cause and to rally his supporters closer to home.

The US State Department yesterday said it had not yet received a visa application, which would require a waiver from the Justice Department. It would not predict whether Mr Adams would be granted a waiver, but pointed out that the US admitted Mr Joseph Cahill, a provisional IRA leader with a criminal conviction, under the same procedure at the end of last month.

Mr Adams last applied for – and obtained – a US visa in February in spite of a strong public protest from the British government that the IRA had not renounced violence.

On that occasion the White House overruled the advice of State Department officials and agreed to a 72-hour visit by Mr Adams, having become convinced that it would contribute to the peace process.

White House officials who feel vindicated by that decision are likely to recommend granting a visa again, although the State Department remains sensitive to the complex issues at stake.

The Irish Times has said that Mr Adams is to be invited to the US by the Senate foreign relations committee, but political aides to Senator Chris Dodd, who as chairman of the western hemisphere and Peace Corps affairs subcommittee would make such en offer, said they were unaware of any invitation to Mr Adams.

Officials at the US embassy in London said they had not yet received any application for a visa. Downing Street officials said reports in Irish newspapers that his application was already being processed by US immigration staff were "highly speculative".

The British government may formally urge Mr Bill Clinton, the US president, not to grant the visa until the IRA gives a firmer indication that it has permanently abandoned its military campaign. But officials are aware that the survival of the IRA ceasefire depends in large measure on Mr Adams being able to show his supporters that the "unarmed struggle" is producing political results.

Walker weeps in Old Bailey witness box

By John Mason, Law Courts Correspondent

Mr George Walker, the former chairman of the Brent Walker property and leisure group who is charged with fraud, yesterday broke down in tears in the witness box at the Old Bailey as he told how he tried to save his company from liquidation.

Mr Walker was explaining how in late 1990 he put "every penny" of his family's money into the company to enable a crucial bond issue to go ahead.

He and Mr Wilfred Aquilina, a former Brent Walker finance director, are both accused of fraudulently inflating the company's profits. Both deny charges of theft, false accounting and conspiring to falsify accounts.

Mr Walker said the issue was necessary after the takeover of the William Hill betting shop chain left Brent Walker short of funds.

However, problems on the Japanese stock market had meant that institutions there withdrew backing of £150m. His bankers then insisted he personally had to raise £100m if they were to continue supporting the company, he said.

The Walker family personally put in £30m. After receiving an assurance from the Serious Fraud Office that it had dropped its investigation into Brent Walker, he attracted a further £65m from associates.

"I got to £95m and the banks said they would cough up the rest. Every penny we had went into keeping that company alive – work money, boxing money, dividend money, everything," Mr Walker told the court. He paused before continuing: "And now I stand here accused of . . ." Mr Walker then told the judge: "I have got to have a break, if you don't mind", and left the witness box in tears.

When he returned Mr Walker told how the banks, led by Standard Chartered, finally forced him out of the company. At a board meeting in April 1991, with the banks attending, he was told their support depended on his being removed as chief executive.

"That caused a lot of anger, and a lot of harsh words were said," Mr Walker told the court. The Brent Walker company solicitor warned the banks their tactics were putting other directors under duress and could be challenged in the courts, he continued. However, the banks would not relent.

Mr Walker continued: "I was fired. I was told by the banks to be escorted to my desk, only take my diaries and remove myself from the building and that I was not allowed back in the building again."

The judge ordered the proceedings to stop late in the morning, saying Mr Walker was "very tired" and needed to recuperate. The trial continues.

Building output at two-year high

Construction output in the second quarter of this year was the highest for more than two years, figures published yesterday by the Department of the Environment show, Andrew Taylor writes.

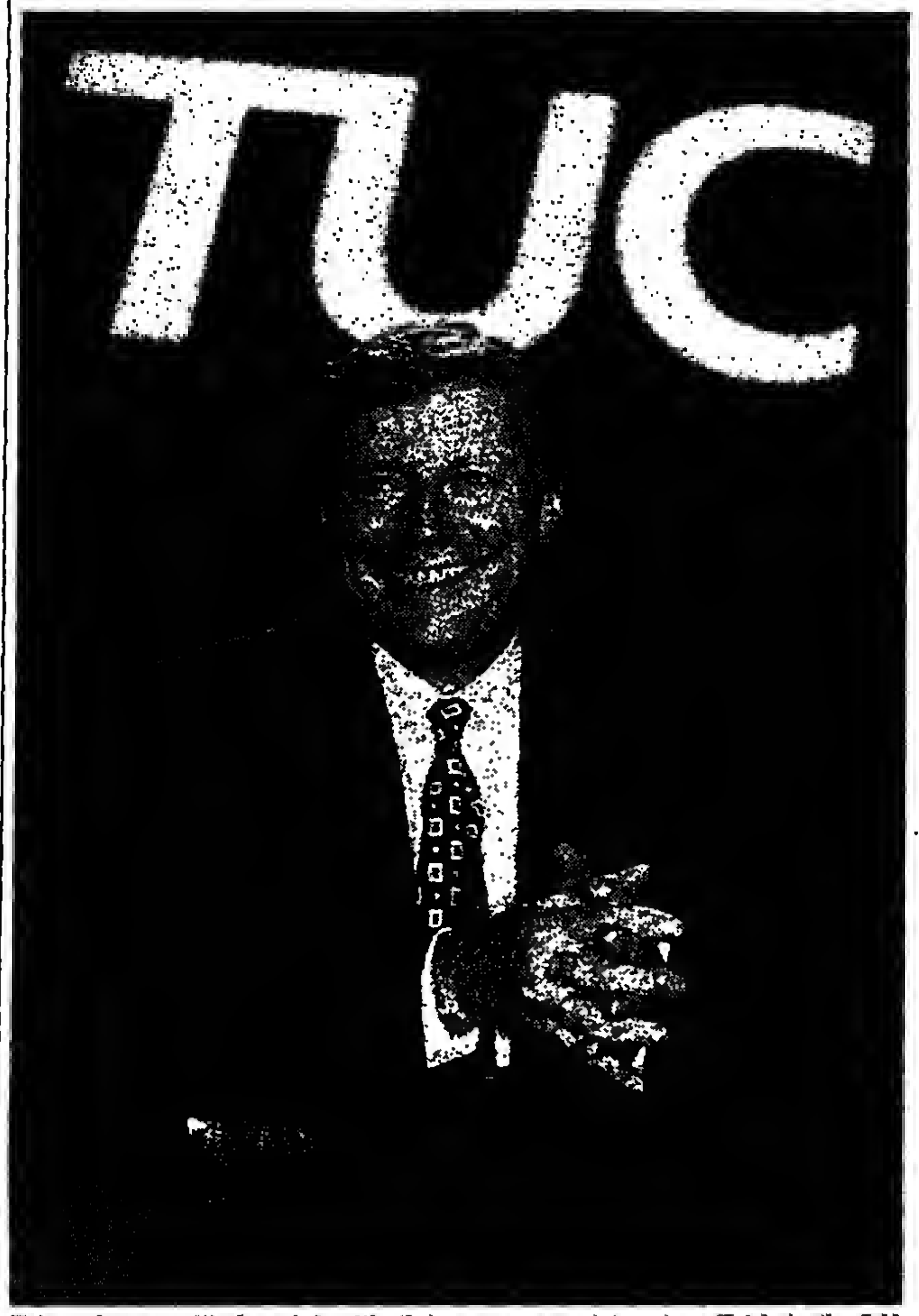
Contractors, which this week reported sharp falls in construction profits for the first six months of the year, said overcapacity in the industry had meant profit margins remained very depressed in spite of an increase in orders.

The total value of output in constant 1990 prices rose 4 per cent in the three months to the end of June compared with the same period last year. It rose 1 per cent against the first quarter of this year.

Private-sector housing was 14 per cent higher than the same period last year and 3 per cent higher on the previous quarter. Private industrial output was 11 per cent and 8 per cent higher respectively while private commercial output rose 6 per cent and 1 per cent.

Infrastructure work was down 13 per cent on the same period last year but rose 4 per cent over the first quarter.

Too many chasing too little; Costain results, Page 8



Unions face a critical period with their memberships under threat and their resources hard-pressed, Mr John Monks, TUC general secretary, warned at the end of this year's Congress yesterday, Robert Taylor writes.

Mr Monks said unions would have to modernise their organisation, and this could not be delayed if they were "to come through their present problems".

The TUC would have to focus sharply on key campaigning issues at national level and give more support to union officials in the field. Union activity was much more decentralised and localised than it used to be, he said.

"The move away from national agreements, the growth of local bargaining and industrial contrasts, the decentralisation of public services and large companies, the need to recruit new members and retain existing ones" were all factors suggesting that unions should concentrate their resources where their immediate future lies. *Photograph: Ashley Ashwood*

Brown warns of Budget 'raid' on welfare state

By James Blitz

Mr Gordon Brown, the shadow chancellor, yesterday called on the government to announce the results of its year-long review into social security spending after a leaked Whitehall document showed that officials have been considering how to implement a wide range of cuts.

Mr Brown warned yesterday that the November Budget could be "a raid on the welfare state".

Earlier this week Mr Jonathan Aitken, the new chief secretary to the Treasury, strongly hinted that housing benefit payments could be reduced in the Budget to rein back the Social Security Department's £85bn spending programme.

However, a leaked DSS document yesterday confirmed that officials have also been pressing ahead with plans to abolish the statutory sick pay subsidy to employers and the industrial injuries compensation scheme for employees, both of which cost the government about £1.4bn.

According to the documents, Mr Peter Lilley, the social security secretary, asked officials late last year to "make recommendations on a strategy to achieve abolition" of the statutory sick pay scheme.

Last year the government ended the policy of providing a sick pay subsidy to "large employers" who pay National Insurance contributions of more than £20,000 a year.

But, according to the document, DSS officials have been asked to take this a stage further, abolishing the subsidy for the 750,000 "small employers" who were unaffected by last year's legislation. Such a move could save the government as much as £700m a year.

In addition, another group of officials has been asked to examine "the scope for transferring the no-fault industrial injuries scheme to employers" and to outline the timetable for such legislation.

Under these proposals employers could be forced to bear the full costs of compensating employees who are involved in an accident where the company is not at fault.

LibDems warn on privacy law

Government proposals for new legal safeguards against the invasion of privacy would deter legitimate inquiries by newspapers, a Liberal Democrats committee has warned.

A consultative paper published for the party's conference which opens on September 18 highlights the danger that a privacy law would inhibit freedom of expression.

The press and broadcasting working group, headed by Mr Richard Rampton, a libel lawyer, says invasions of personal privacy should continue to be dealt with case-by-case by the courts.

Unionist believes ceasefire is real

By James Blitz

Mr John Taylor, a leading Ulster Unionist MP, yesterday added to the pressure on Mr John Major's government to recognise the IRA's ceasefire, by openly admitting that the organisation's campaign of violence could truly be over.

As the British and US governments continue to refrain from full acceptance of the ceasefire, Mr Taylor, the MP for Strangford, Co Down, came as close as any unionist to admitting that the IRA had fully renounced violence. "My gut reaction is that the ceasefire is for real," he told his constituency association.

Mr Taylor, who was seriously wounded by an IRA gunman in 1972, added: "I consider it to be my responsibility to encourage the peace process forward so that there will eventually be lasting peace for all the Roman Catholics and Protestants of Ulster."

He was clearly at odds with another unionist MP, Mr David Trimble, who claimed that the UUP's view was that the IRA had no intention of abandoning their campaign unless there were substantial concessions from the government.

Writing in the Belfast Telegraph, Mr Trimble, the MP for Upper Bann, said that the ceasefire was a "gamble" by the IRA. "They reckon that if they fail to gain concessions, the blame for resumed violence can be placed on the British government or the loyalists," he said.

Tunnel link bidders are warned on rules

By Charles Batchelor, Transport Correspondent

Any changes in membership of the consortia bidding to build the £2.7bn Channel tunnel rail link must be approved by the government, the Department of Transport said yesterday.

It was commenting on an announcement from the GMB general union that the consortium headed by Hochtief, a German construction company, had invited UK unions to join the bidding team.

No application for the unions to be allowed to join the Hochtief group had been received by yesterday afternoon, the transport department said.

Some of the companies involved in the bidding have expressed irritation at the government's intervention in the make-up of the bidding groups.

London Electricity said in June that it had withdrawn from one of the four bidding consortia because of a conflict of interest resulting from the fact that that Sir Bob Reid, its chairman, was also chairman of British Rail.

Meanwhile, Sofrerail, a French railway consultancy, is an adviser to but not formally a member of London & Continental Railways, another consortium.

The government is also understood to be unhappy at the prospect of a French company being directly involved in building the UK segment of the link. At one stage there were fears that the French state railway operator, SNCF, might bid to build and operate the rail link, sources close to the project said.

Eurorail, a consortium comprising BICC, Trafalgar House and GEC, yesterday received the documents containing details of the tender competition 10 days after the other three consortia.

The delay resulted from one member of the consortium, believed to be GEC, refusing to sign the confidentiality agreement because it was too onerous.

The four have until March 14 to submit their bids. The government has said it expects to award the contract by the end of next year.

Move to close pyramid scheme

The Department of Trade and Industry has petitioned the High Court to wind up Global Pioneers, a pyramid scheme which traded from Morecambe in Lancashire.

It said Global Pioneers "held out the prospect of substantial earnings to members by the redistribution of subscriptions of members joining later." It believes the scheme had attracted about 3,000 members.

Bifu strike vote

About 4,300 members of Bifu, the banking and finance union, working at Guardian, the UK's largest insurance company, are being balloted on strike action against the company's refusal to offer an across-the-board salary increase.

CORRECTION

Avonmore Foods

In yesterday's FT it was reported that Avonmore Foods had issued a profits warning. While the company reported a reduction of 9 per cent in pretax profits for the first half of the year, it did not issue a warning about future profits.

Calor Gas workers back strike action

By Richard Donkin, Labour Staff

Workers at Calor Gas, the gas products company, have voted to take strike action against the imposition of personal contracts for manual grades and pay cuts for some drivers.

The small majority – 53 per cent in favour from a 78 per cent turnout – has led the company to complain that fewer than a third of those covered by the agreement with the TGWU general union were in favour of striking.

The ballot combined two separate issues. One involved personal contracts, affecting 363 workers, and another involved wage cuts for 50 drivers at Calor Transport, the contract transport division.

Calor has accused the union of blurring the issue. Most employees, it said, did not want to be involved in an industrial dispute and about half of those offered new contracts had already signed.

Mr John Harris, Calor's director of operations and human resources, said: "It is very unfortunate that our employeee have become caught up in a confrontation which the TGWU has chosen to have with the company."

The management is to meet union officials to discuss the transport division workers on Monday.

Mr Danny Bryan, national secretary of the union's commercial transport group, said one of the initial concerns was the company's September 19 deadline for employees to sign the new contracts, after which they would receive notice of termination.

Derailment 'unrelated to stoppage'

By Charles Batchelor, Transport Correspondent

The two incidents, one of them a derailment, which occurred during Thursday's one-day stoppage by signalling staff cannot be blamed on the strike, Railtrack said yesterday.

The RMT transport union and the Aslef train drivers' union have accused Railtrack, which runs the network, of taking chances with passengers' safety by employing inadequately trained staff in signal-boxes.

An incident at Sawley in Derbyshire when two cars passed over a level crossing moments before an oncoming passenger train was the result of actions by a contractor working on the line, Railtrack said.

BRIS, a British Rail maintenance subsidiary, had begun its own disciplinary proceedings, Railtrack Midland said. "There was no involvement by any signalling staff," an official said. "Contractors were working on the crossing and they did not follow the correct procedure."

An initial investigation of an incident at Bickley in Kent, where several carriages of a commuter train were derailed, also showed that the signal workers' strike was not to blame, Railtrack South said.

A full inquiry is to be held next week but initial indications were that the signalling equipment was being operated normally.

The full inquiry will focus on the technical operation of the points, signals, the train's brakes and the actions of the driver, Railtrack added. It expected repairs to the line to be completed by Monday,.

Teaching union calls for above-inflation pay rises

Teachers are on a collision course with the government over a pay submission that would mean rises of more than 20 per cent for some over two years.

The National Union of Teachers challenged the government's public-sector pay freeze yesterday by calling for a salary increase next year above the rate of inflation, possibly up to 4 per cent.

The biggest teaching union's submission to the School Teachers' Review Body, the quango which advises the government on setting teachers' pay, is calling for a 10-point salary scale by 1996. This would range from £14,750 for a graduate-entry teacher – up 13.5 per cent from the present equivalent starting salary of £12,999.

Pay for a classroom teacher with 10 years' experience should rise to £27,000 – up 22.3 per cent from the present maximum of £22,068 without payment for extra responsibilities.

The NUT is arguing for a "significant increase" next year, beating the rate of inflation and combining a lump sum and percentage to boost starting pay.

Mr Doug McAvoy, NUT general secretary, said the government had breached its own ban on "catch-up" pay rises when MPs awarded themselves a 4.7 per cent increase.

Mr McAvoy warned that his members could take their own steps to cut mounting workload. "There comes a point where you say it just can't go on," he said. "If no one is going to listen to us, we will have to look very carefully and decide which aspects of our work we could discontinue."

With early retirament, teacher absences and stress-related illness at record levels, conditions of service were as important as pay this year, he added.

Teachers worked an average 49-hour week, with one in 10 putting in more than 60 hours.

The NUT wants the review body, which reports to the government in January, to recommend smaller classes and more supply teachers.

The union rejected the government's call for performance-related pay as "completely inappropriate" for teaching.

It wants a two-year deal producing salaries comparable with other non-manual workers and compensating for years in which it says teachers' pay has slipped behind other professions.

This year the government imposed the School Teachers' Review Body's recommended 2.9 per cent pay rise.

Mr McAvoy said improvements in pay and working conditions were essential to avoid a crisis as the recession eased and numbers of pupils grew.

On present projections of pupil numbers, it would take 19,000 more teachers just to keep class sizes the same over the next four years.

The submission to the review body from the National Association of Schoolmasters/Union of Women Teachers called for a 35-hour-week and a pay increase in line with other non-manual staff.

The Secondary Heads Association urged the a pay increase for all teachers "in recognition of their improved productivity, measured by published examination results".

FINANCIAL TIMES

Number One Southwark Bridge, London SE1 9HL
Tel: 071-873 3000 Telex: 922186 Fax: 071-407 5700

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Rising in the east

There is something different about Japan this week. No, the current round of trade talks in Los Angeles has not miraculously resolved the country's conflicts with the US. But a process that will eventually do more to bring the two countries closer has begun: the Japanese economy is growing and its structure is slowly changing.

There have been enough phantom upturns over the past 18 months that the news is spoken softly. But yesterday even the Japanese *Economic Planning Agency* included the word "recovery" in its monthly economic up-date. Growth is still fragile enough for caution to be well-placed: real GDP may only achieve around 1¼ per cent growth this year, if that. But Japan's industrialised trading partners should be more encouraged by the emerging pattern of growth than its magnitude.

Politically, things in Japan are as murky as ever, as the debate over the continuation – and funding – of last year's tax cuts carries on unresolved. But thanks to the past year's fiscal injections, economic prospects in consumption and residential investment are looking less sombre than for a long time.

This does not mean that this year's further surge in the value of the yen will have no effect. So far, the dollar-denominated current account surplus has yet to show the effect of the re-adjustment currently taking place. But Japanese net exports will almost certainly fall in the coming year: what is different about this recovery is the way that re-adjustment will occur.

Japan's exporters are benefiting from economic growth in their most important markets: the US, Europe, and East Asia. Falling competitiveness will probably rule out significant export growth, but the decline is unlikely to be dramatic.

Greater improvement

In contrast to past occasions, the country's exporters are finding themselves less able to compensate for losses abroad by raising prices at home. The competitiveness of Japanese export goods, in dollar terms, has fallen by 25 per cent since 1985. But a still greater improvement in the competitiveness of foreign goods has hit domestic sales of domestically-produced goods. The tentative rise in domestic consumption is increasingly going towards purchases of foreign goods. Imports of video recorders trebled in July alone.

Thus the strong yen, coupled with the slow process of market deregulation, is adding momentum to the industrial restructuring taking place in Japan. Given the over-capacity left over from the 1980s boom, another ingredient of the typical Japanese recovery – surging capital investment – is also missing.

The spur behind recent investment has been almost entirely residential: usually the country's weakest investment sector. Heavily-subsidised loans are helping young people buy cheap condominiums for the first time. New housing starts rose at an annual rate over 6 per cent in July, the fourth monthly rise running.

Saving rate

What does this very different picture of Japan in recovery mean for Japan's trading partners? The steady rise in consumer imports will lessen, but not eliminate Japan's current account surplus. As the Japanese (and others) never tire of pointing out, the country's high rate of net saving will continue to deliver a net injection of capital to the rest of the world for some time yet. Though the population is ageing fast, even very old Japanese display much higher rates of saving than pensioners elsewhere.

But the destination of this capital contribution may well change, in light of recent developments. Wider deregulation of the economy now has the backing of many important business constituencies, as well as that of the ruling coalition. Though it may be held back by political shifts, it is unlikely to be halted altogether. This means that Japanese consumers could begin to enjoy a lower cost of living relative to Americans and Europeans, whose goods they will buy in greater numbers.

That might give Mickey Kantor, the US Trade Representative, and his successors less to talk about in years to come. Having lost approximately $320bn on their US investments since 1986, Japanese investors are likely to be more cautious of sending their surplus cash to the US. Non-portfolio flows may concentrate increasingly on Asian emerging markets. Japan's neighbours could therefore receive the benefit of still more of the know-how and technological creativity which helped Japan grow so rapidly after the war.

Much could go wrong with this scenario, but there is encouragement to be found in this week's news from Japan. On Thursday, Mr Kantor predicted that there would be "no breakthroughs" in the state of US-Japanese trade relations in the near term. He may, however, be looking in the wrong place.

Firmly footed for the final hurdle

Quentin Peel and **Judy Dempsey** on Helmut Kohl's revived fortunes in the German election campaign

The greatest strength of Germany's Chancellor Helmut Kohl, according to one of his closest friends and admirers, is that he is always "hugely underestimated" by his opponents.

Now he appears to have got away with it again.

As Germany's 1994 election marathon enters the final straight – with 12 out of 19 elections over, including the choice of a new federal president, and just seven to go – the big man is back in front, leaving his opponents apparently floundering in his wake.

Less than seven months ago, before a party conference of his Christian Democratic Union (CDU) in Hamburg, Mr Kohl looked practically down and out.

His party was trailing the opposition Social Democratic Party (SPD) by 40.9 per cent to 35.1 per cent, and the chancellor himself looked even worse: his popularity rating stood at 26 per cent, compared with 35 per cent for Mr Rudolf Scharping, the youthful new leader of the SPD.

This week, on the eve of two important state elections in east Germany, and just five weeks from the general election on October 16, the irrepressible Mr Kohl is sitting almost pretty: the most recent personal ratings give him 40 per cent, to only 30 per cent for Mr Scharping. As for the CDU, and its Bavarian sister party, the CSU, they are on a combined 40.3 per cent, compared with 34.2 per cent for the SPD.

In spite of everything the opposition can throw at him, the chancellor appears unmoved and unflappable. And in spite of all the urgent promises the SPD can make, it does not seem to be able to break through the barrier of electoral suspicion.

Mr Kohl's personal performance has been remarkable. He has scarcely put a foot wrong. For a start, he has calmly sat back and waited for the economy to turn the corner out of last year's sharp recession. All the latest indices suggest the economy has come right even faster than the government's optimistic advisers expected. Unemployment appears almost to have peaked at just less than 4m, although it was expected to keep rising for the rest of the year, and gross domestic product could end the year with a growth rate of at least 2.5 per cent, compared with a rosy government forecast of 1.5 per cent last December.

Second, he has exploited every possible opportunity to hammer home his obvious electoral advantage as an international statesman over the relatively untravelled Mr Scharping. The great outcry raised by government politicians all summer over the illegal export of plutonium from the former Soviet Union owed a great deal to the desire to remind the German electorate just how unstable their eastern neighbours remain. The subliminal message was clear: in an uncertain and dangerous world, vote for the devil you know.

The sudden emergence of European integration as an issue in the campaign is unlikely to do the chancellor any harm, either. Mr Kohl enjoys a substantial reputation as a "good European", but the one issue which could cost him votes is the prospect of eventually abandoning the D-Mark in favour of a single European currency.

By allowing his party to publish a tough position paper, suggesting that future economic and monetary union would be based on a hard core of only five member states of the European Union – Germany and France as well as the Benelux countries – Mr Kohl may well help to reassure some of the doubters.

Mr Scharping, a worthy but uninspiring candidate, has failed to set the electorate alight, not to mention his own party. Only last weekend, he was still appealing for his loyal followers "not to be down-hearted". It certainly seemed a bit late in the day.

Having launched his campaign as the undisputed leader of the party, he has been forced to co-opt his two greatest rivals, Mr Oskar Lafontaine, the Saarland premier, and Mr Gerhard Schröder, the Lower Saxony premier, as part of an uneasy "triumvirate". Mr Scharping's own performance was clearly seen as lacklustre by his supporters.

Perhaps the fatal moment for Mr Scharping was in May, when he launched, with great fanfare, the party's new tax plans, drafted largely by Mr Lafontaine. In them, he proposed to cut taxes for the lowest paid – in particular the surcharge to pay for unification – at the expense of higher income earners. The trouble was, that the threshold for the better income earners of DM60,000 a year meant that a very large number of middle-income earners – classic swing voters – would be caught. It was a gesture of electoral suicide.

And yet all is not over, bar the shouting. Mr Kohl is by no means home and dry. The result is still too close to call. For the complex arithmetic of Germany's coalition-building means that Mr Kohl cannot be so sure of gaining the overall majority he needs for his own party and his allies, the CSU and the liberal Free Democratic Party (FDP).

For a start, the FDP is floundering in a state of pre-electoral paralysis, after a string of resounding setbacks in earlier polls. It is an open question if the FDP can win enough votes to give Mr Kohl an outright majority. In the latest poll published by the *Allensbach* opinion research institute in the Frankfurter Allgemeine Zeitung this week, the FDP stood on 8.2 per cent, to give the coalition a combined 48.5 per cent – still short of the magic 50 per cent.

The challenge for Mr Kohl is to drag the FDP up with his own revived momentum. Indeed, Mr Klaus Kinkel, the FDP party leader, seems to be begging for votes on just that basis: his message at his election launch rally in Nuremberg was "vote for us, to re-elect the coalition".

But it is not his allies who may end up giving Mr Kohl the greatest headache. Ironically, the party which could end up holding the real key to the result is the Party of Democratic Socialism (PDS) – the reformed old East Germany Socialist Unity party (SED), the Communist party.

Tomorrow's elections in the eastern states of Brandenburg and Saxony will give the clearest indication so far about just how the long-suffering east German electorate will vote in five weeks. Battered by soaring unemployment, by the collapse of their traditional industrial economy, and the disappearance of all the old certainties in their grim communist lives, the east Germans are confused, divided and yet resigned. Those who have jobs are satisfied. Those without are bitter. The opinion polls seem often to be wide of the mark. Many may not vote at all. Others will vote with varying degrees of enthusiasm for western parties. And others are clearly turning back to the PDS in protest at the confusion in their lives.

So far, the three-party-dominated west German system of Christian Democrats, Social Democrats, and Free Democrats has not taken root in the east. Instead, to the horror and amazement of most westerners, the former communists are picking up a very healthy proportion of the votes – up to 20 per cent.

The PDS, which inherited the SED's organisational structure, including a well-disciplined grass-roots movement, has 130,000 members, of which 90 per cent were SED members. This is still less than a tenth of the former Communist party, but the PDS still boasts the biggest paid-up political membership in east Germany.

With between 15 per cent and 20 per cent support, the PDS is the third largest in east Germany after the SPD and CDU. On an all-German basis, however, it still would not gain the 5 per cent minimum needed to gain seats in the Bundestag, the directly-elected lower house of parliament. What the party is far more likely to win is three directly-elected members of the Bundestag, if they can gain an outright majority in the first round of voting: and if the party can do that, it automatically qualifies for representation according to whatever proportion of the national vote it won, even if less than 5 per cent.

That is the horror scenario facing both Mr Kohl and Mr Scharping. For if the PDS does not get into the Bundestag in October, it will be possible to form a coalition government of right or left with less than 50 per cent of the vote. If the PDS does win through, it could prevent either side forming a coalition with its natural partners. The end result could be one nobody wants: a so-called Grand Coalition of CDU and SPD, leaving the job of opposition to the minorities and the extremists, including the PDS, the Greens, and the FDP.

The result is that, in spite of its virtual non-existence in the west, and its uneven showing in the five eastern states, the PDS has been singled out as the bogey-man in the election campaign, by all the main western parties.

One of the reasons for this characterisation is that over the past year, the PDS has managed to erode the support held by the SPD in east Germany. It has also managed to capitalise on its image as the one genuinely "home-grown" party in the east, in contrast to the imported SPD, FDP and CDU.

Given the social conditions in the east, with unemployment in some areas exceeding 50 per cent, the SPD might have been expected to flourish. Mr Scharping has fought a campaign dedicated to social justice, and his controversial tax reforms to aid the low-paid at the expense of the better-off, should also appeal to voters. But the tax proposal has not really helped, at least so far, in either east or west.

Mr Kohl's CDU has launched a massive publicity onslaught against the PDS, and sought to tarnish the SPD with the same brush. The CDU suggests that the Social Democrats can only hope to gain power in Bonn with PDS support. According to the latest polls, the SPD plus the Greens, their closest allies, would have 44.4 per cent of the vote. With 4.4 per cent from the PDS, they could be just in front of the ruling coalition.

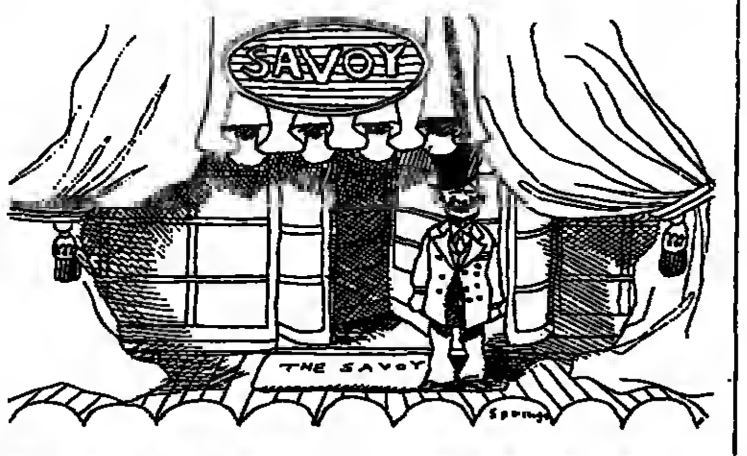
Mr Scharping has flatly rejected any such solution, but the voters do not really believe him. Some 54 per cent are convinced that if it was a question of gaining power, the SPD would accept overt or tacit PDS support. So the onslaught on the former communists is stepped up.

And yet the ultimate irony is this: the more the western parties attack the PDS, the more eastern voters appear inclined to back it after all. It is as if east German voters feel an instinctive solidarity for "one of theirs". Mr Kohl is therefore treading a very delicate path.

All the evidence suggests that he must have done enough to be re-elected, albeit by a narrow margin. But his efforts to ensure that outcome could trip him up at the very final hurdle.

MEN IN THE NEWS: ***The Savoy board***

Five men in a bit of theatre



"It's show time!" exulted one City analyst as the curtain rose on the latest act in the Forte group's battle to take over Savoy hotels. Founded by Richard D'Oyly Carte, manager of Gilbert and Sullivan, the Savoy has never lacked dramatic flair.

In the past week, a Savoy director has admitted he told a journalist the subject of a document on his desk – but added that anyone who suggested he had revealed the details would hear from his solicitors. His chairman said it was a perfectly acceptable explanation but he had had enough of the whole Savoy business anyway.

A managing director has issued a statement from a board which was astonished to hear it had met. The managing director is packing his desk as a result. And the man who could decide how the story ends runs a golf course and was once cornered by police in the south of France suspected of being Lord Lucan.

On Tuesday, four of the principal characters in the saga will meet their fellow Savoy directors to see if they can resolve the issues raised by the week's events and other matters which date back 13 years, since Forte first began its quest for control. Forte now has 68 per cent of the shares but only 42 per cent of the votes.

The four are Sir Anthony Tuke, 74, the Savoy's chairman for 10 years who is desperate to retire; Mr Rocco Forte, chairman of Forte and a Savoy director since the two sides agreed an uneasy truce in 1989; Sir Michael Richardson, who has just announced his retirement as chairman of securities house Smith New Court and who did not leak the document to the Sunday papers; and Mr John Sinclair, Lucan lookalike, who is chief executive of an East Sussex golf course, and controls shareholding trusts which could give Forte control of the Savoy.

The fifth character – Mr Giles Shepard, Savoy's managing director – will probably not be at the board meeting, and, if he is, it will be for the last time. After 15 years of running the Savoy group – whose hotels include the Savoy, Claridge's and the Connaught – he is leaving, possibly as early as Monday. Some directors are thought to favour as his replacement Mr Ramon Pajares, the Spanish-born general manager of the Four Seasons (formerly the Inn on the Park), one of London's most respected hotels.

The unfailingly courteous Mr Shepard always opposed a Forte takeover, saying the hotels would lose their character.

Mr Shepard, one of whose hobbies is embroidery, has definite ideas on the right and wrong way to do things. He is always impeccably dressed. Mr Forte once said he would not employ Mr Shepard as a doorman. The oft-told story that Mr Shepard then greeted Mr Forte at the Savoy dressed as a doorman is nonsense; Mr Shepard has his own uniform, which includes a waistcoat, tie pin and highly polished shoes.

It is true that Mr Shepard and Mr Forte have no great regard for one another. But Mr Forte has tried to put his acrimony aside. Instead, he has spent the past months persuading fellow directors that the problem with the Savoy hotels is they are not well run, turning in profits of only £725,000 last year on turnover of £83.3m.

Mr Forte's tactics have been effective. Several of Mr Shepard's allies deserted him – or began to listen to what Forte had to say. One who began listening was Mr Sinclair. Mr Sinclair, who is 41 today, is steeped in Savoy culture. He was a Savoy management trainee, reception manager at Claridge's and general manager of the Lancaster, the Savoy's Paris hotel. He became a Savoy director last year with Mr Shepard's support.

Mr Sinclair is trustee for some of the interests of the family of Sir Hugh Wontner, Savoy president until his death in 1992. Sir Hugh ferociously opposed Forte, but trustees have to be guided by their beneficiaries' interests (rather than sentiment) on the question of whether the Savoy hotels' performance would improve if they were merged with Forte's luxury establishments.

The discussions continue. If Mr Sinclair allies himself with Forte, it would give the latter control without spending another penny.

Sir Anthony Tuke, a Savoy loyalist throughout the 1980s battle against Forte is credited by both sides with having taken an even-handed approach since the truce and Mr Forte's accession to the board. He hopes to announce his replacement on Tuesday.

Several close observers believe Sir Michael Richardson would like to be chairman. Sir Michael was also on the Savoy board during the initial battle but he too drifted over to the Forte side.

It was while he was being interviewed earlier this month about his retirement from Smith New Court that a journalist asked him about Mr Shepard's document lying on his desk. Sir Michael says he told the journalist it was about the Savoy but revealed no details – an explanation accepted by Sir Anthony.

Some of the details did appear, however. Mr Shepard issued a statement which said: "The board of the Savoy group is dismayed that one non-executive director, for his own reasons, has decided to discuss confidential papers with the press."

The board, however, had issued no such statement. Mr Shepard had acted on his own, apparently convinced that, as the guardian of the group's spirit and traditions, he could speak on Savoy's behalf. The board, however, had moved on, leaving Mr Shepard behind. Sir Anthony's even-handedness towards Mr Shepard ended. He described his behaviour as "extraordinary".

This week, the two warring sides hope to put the dissension of 13 years behind them and appoint a new chairman and a managing director who represent them all.

Michael Skapinker

Russian defence salesmen may not look smart, but they should not be written off, says **Bruce Clark**

Reds alert in hostile skies

Appearances can be deceptive – especially in the world of defence. The Russians were not the smartest figures at this week's Farnborough Air Show. They could not afford expensive stands with imaginary high-tech battles on giant video screens; and they have something to learn about the production of glossy corporate literature in the peculiar, breathless style cultivated by arms companies.

They are, however, finding customers – and not just among former allies.

With their craggy, lived-in faces, Russian pilots are glamorous figures in their own, no-nonsense way, but they lack the permanent sun tans affected by their western counterparts.

They often also have less cash. About half the exhibitors who came from Moscow to Farnborough two years ago could not afford to return. "Our engineers are paid miserably. They only get 250,000 roubles and they could make 2m roubles a month from a back-street trading business," said one salesman.

Though some of the first fruits of east-west co-operation in civilian aviation were on display – including the new Ilyushin-96, a wide-body passenger aircraft with engines from Pratt & Whitney of the US – aficionados of military aircraft had to search a bit harder for the Russian contribution.

Russian Mig: competitive

The Tsagi institute, one of the cradles of Soviet research in aviation and space, was well represented – at the exhibition stand of the UK government's Defence Research Agency, its partner in a recent co-operation deal.

However, Professor German Zagainov, Tsagi director, was keener to stress the civilian uses of his institute's work in theoretical aerodynamics: from the measurement of gas flows to the drying of timber. Tsagi has had remarkable success in contracting out the use of its facilities near Moscow to aerospace companies from the US, Britain and Germany without arousing fears that commercial or military secrecy will be compromised.

"We are used to respecting confidentiality of our clients," said the professor, whose well-cut suit and courteous manners marked him out as Farnborough's most polished Russian. "For years, we worked in conditions of absolute secrecy," he added, with the hint of a smile.

Yet the west would be making a bad mistake if it took the Russians' low-key style as a sign they can be written off.

The Russians have a quiet certainty about the superiority of their products. Mr Viktor Puzanov, chief engineer at MAPO, manufacturer of the legendary Mig fighter, is convinced that the latest models can hold their own against any challenge from US or European rivals.

Migs are already in service in 40 countries, mostly former Soviet allies. For MAPO, June's $550m sale of 18 Mig-29 aircraft to Malaysia was a landmark success: achieved in a region long seen as subject to western commercial and political influence.

Besides the Migs, Russia's greatest hopes lie with workhorse helicopters such as the Mi-17, made by the Kazan helicopter company in Tatarstan and favoured by oilmen and geologists in remote parts of Latin America and Indochina. "I've been flying these helicopters for 20 years and I have never heard of a mechanical failure," said Mr Yuri Pornin, a Mi-17 representative, to a sceptical westerner. "They are as sturdy as tractors."

It is important for the Russian salesmen to break out from traditional markets. The Russian defence industry is undergoing a painful, but possibly invigorating, shake-out.

On one hand, the virtual freeze on weapons procurement imposed by the government two years ago is drawing blood, with lay-offs and factory closures. On the other, Russia has identified defence equipment as one of the few industrial products in which it has an advantage. President Boris Yeltsin threw his weight behind the creation this year of a state agency, Rosvooruzhenie, which will monopolise the export of guns and missiles.

On paper, Russian arms sales have plunged since the Soviet collapse, from an annual level of almost $10bn a year – comparable with the US – to barely $2bn. But these figures are misleading. In the Soviet era, arms deliveries to allies were on such soft terms as to be virtually free. Only since 1992 has Russia properly entered the commercial arms race.

One country with which Russia has rapidly revived its defence relationship is India. A group of Indian businessmen, based in Singapore, has joined the makers of Mig in a joint venture known as Mig-Apio, which will try to facilitate the purchase of Russian aircraft by Asian governments. "The aim is to respond more flexibly to our clients' needs and get away from the inertia of the state sector," said a representative from MAPO. The Malaysia deal illustrates what that flexibility can mean: part of the payment is in palm oil.

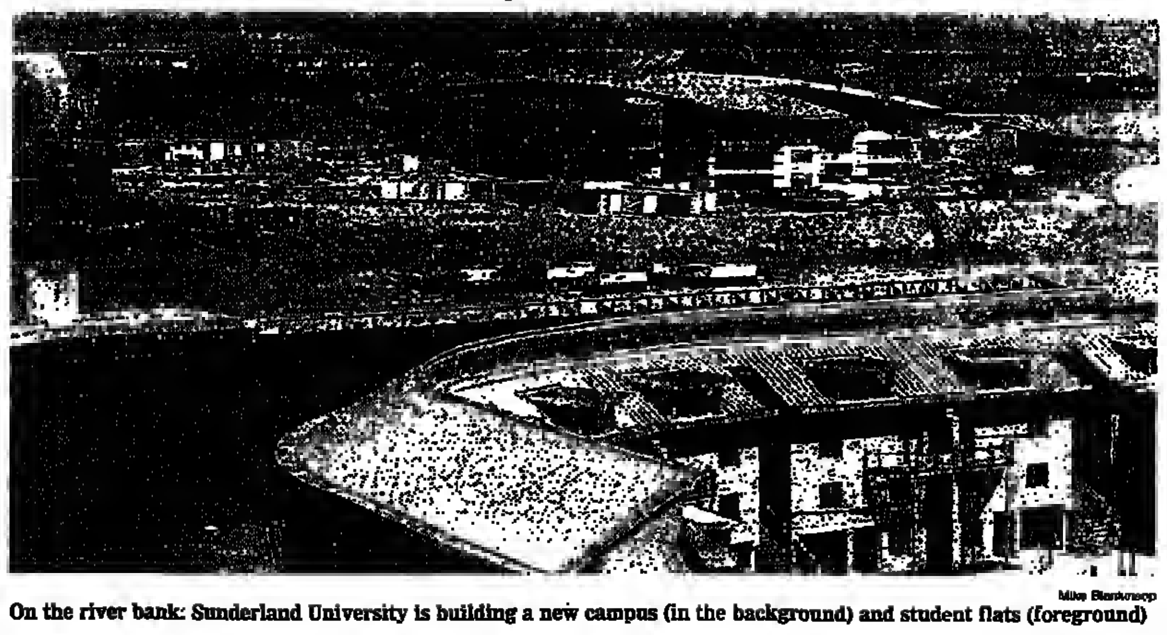
The Indian government, meanwhile, is giving Russia the job of upgrading more than 100 of its Mig-21 fighters. It is hoped this will encourage the world's other Mig users to upgrade their aircraft with Russian help, rather than buy new western aircraft.

As Tass news agency commented caustically last month, Russian Migs have been studied by the Royal Air Force in a manner that "did not exclude the chance of encountering them under combat conditions". This does not, of course, mean the RAF expects to go to war with Russia; but the greater the success of Russia's marketing campaign, the more likely it is that the west will find itself in confrontation with a country that is one of Moscow's customers.

Companies that supply military aircraft to western governments do not view this prospect as an unmitigated disaster; it is the kind of thing that keeps them in business.

Dreaming spires on city rubble

UK universities used to build on greenfield sites. Now they pick run-down urban areas, say **John Authers** and **John Willman**



Mike Blenkinsop

On the river bank: Sunderland University is building a new campus (in the background) and student flats (foreground)

London's docklands may soon have an academic ivory tower to go with the spectacular glass skyscraper at Canary Wharf. Plans were unveiled this week to build a £60m university campus on derelict land in the Royal Docks, in partnership with the London Docklands Development Corporation, the local regeneration agency.

The project is the latest in a series of innovative schemes where universities are taking a leading role in the regeneration of UK cities. These include several other new campuses and a host of smaller projects such as science parks and student housing.

The partnership between universities and urban regeneration agencies is bringing benefits for both sides. Universities create jobs, provide training and other support services for business, and stimulate the local economy through spending by students and staff. In return, they get access to government urban regeneration grants at a time when funds for university expansion are limited.

The docklands project involves four local universities in plans to build a campus to cater for up to 5,000 students. Centred around a new Technology Institute, it will offer courses tailored to the needs of local employers, such as media, design and communications, business studies and health.

The London Docklands Development Corporation has committed £4.1m to the plan, arguing that it will be a "powerful stimulant for economic and social regeneration" in the area to the east of the capital. Support has also come from the London East Training and Enterprise Council, Newham Borough Council and London First, the business-led organisation set up to promote the capital. The project's sponsors hope that the new Royals University College will create up to 2,000 permanent jobs.

A similar project is just completing its first phase in Sunderland, where the university, a former polytechnic, is building a spectacular new campus on the site of a former ship fitting-out yard and dock. It will provide a home for four faculties, including business studies, computing and information systems, and art and design. Other parts of the riverside will be redeveloped as student accommodation.

For the university, the project provides much-needed space for expansion, on a site where the Tyne and Wear Development Corporation has been prepared to pump in £4m. The balance of the cost, forecast to be about £40m, will come from the higher education funding council and the university itself.

"Funding councils are very pleased when institutions can get financial leverage from other sources," says Dr Anna Wright, the university's vice-chancellor.

For Mr Alastair Balls, chief executive of the development corporation, the campus is the centrepiece of a strategy to regenerate the mouth of the Wear. Large businesses, such as the Nissan car factory, prefer spacious greenfield sites on the outskirts of the city with room for expansion. The university creates a new focus of activity on a waterfront that once housed the area's heavy industries. "It will bring new vitality to the area and put Sunderland firmly on the academic map of Britain," he says.

Building the new campus will create the equivalent of 200 full-time jobs in construction. When it is completed, about 1,500 permanent jobs are expected to follow. These include university employees, with 600 new staff in education and support services. The rest will be in the surrounding community, in businesses meeting the needs of staff and students.

The value of a university to the local economy is increasingly recognised outside big urban centres. Campaigns have been launched to bring higher education institutions to towns such as Lincoln and Gloucester.

In Manchester, the three universities in its "higher education precinct" employ a third of the city centre's population. "Higher education means serious money for Manchester," says Mr John Glaister, Central Manchester Development Corporation's chief executive. "It was £517m a year at the last count, and its value to the city's business economy is incalculable."

For many "new" universities, formerly polytechnics, involvement in urban regeneration is not just an easy way to raise capital when public funds are scarce. Often based on inner-city sites, they see their scope for growth lying in partnerships with local businesses, community organisations and development agencies.

Such universities believe something of a virtuous circle could be created: they will be in greater demand if the local economy is flourishing and there is a demand from local businesses for education and training.

Moreover, such universities will also do better in attracting students if their environment is safe and attractive, says Professor David Chiddick, an executive pro-vice-chancellors at de Montfort university, which has four campuses in the east Midlands.

"We are more likely to attract women to sign up for part-time business studies courses in the evening if they feel secure about entering the area on their own," he says. "I'm very anxious that the area around us is financially viable."

Prof Chiddick is closely involved in the government-funded City Challenge scheme, in the area around its Leicester campus. A town planner by profession, he is convinced that universities have a role to play in bringing businesses back into the city centre. "We can offer facilities that will attract businesses into the urban environment," he says.

Like several other higher education institutions, de Montfort has set up a technology transfer and training centre to do just that. But the centre also brings benefits for the university, he says. "We have good ideas that have withered or been kept within a research environment," he says. "The centre allows us to test whether they have commercial applications."

The need for more co-operation between universities and urban regeneration agencies is underlined by the Committee of Vice-chancellors and Principals, the co-ordinating body for university managers. It is lobbying agencies such as development corporations to make more use of higher education institutions. The committee's chairman, Professor Kenneth Edwards, vice-chancellor of Leicester University, says: "All universities have grown out of their local communities. As they developed into the universities of today, with their national and international dimensions, they have retained this local focus."

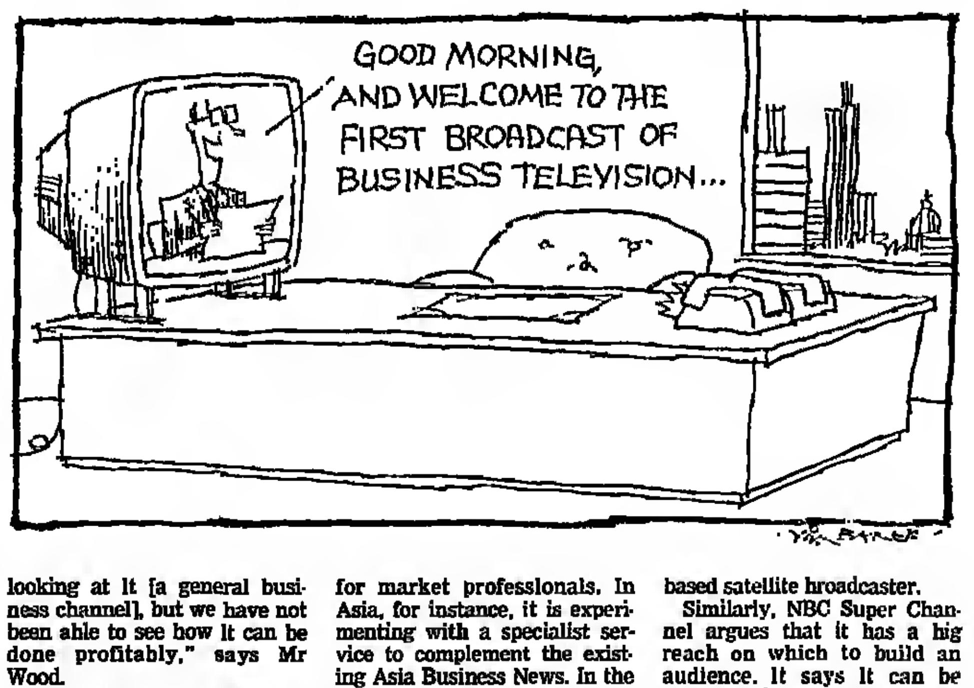
It would probably be more accurate to say that some, at least, have only recently rediscovered their local roots. The new universities of the 1960s such as Sussex, Warwick and York were built on greenfield campuses outside provincial centres, far removed from the inner cities.

At Warwick in 1970, there was a bruising student sit-in after students discovered links between the university and local businesses. The university's most famous don, the radical historian E.P. Thompson, resigned in disgust, penning a book called *Warwick University Ltd.*

Today, 51 per cent of Warwick's income is earned from the private sector. And the archive of trade union history started by Prof Thompson is housed in a £4m library funded by oil company BP. The university is now one of Coventry's 10 largest employers, and no longer wants to keep its links with the local economy a secret.

Financial programmes are back in fashion, but will enough people watch, asks **Raymond Snoddy**

TV adventure that shows business



The trouble with business television in the past has been that it has not amounted to much of a business. Businessmen may be happy to appear on television and, of course, they are desirable targets for advertisers. But catching them in front of the screen has been a much more difficult task.

That may be about to change as leading broadcasters and international business information providers use the latest technology to try to entice businessmen to switch on more often.

On Thursday Dow Jones, publisher of the Wall Street Journal, and Flextech, the media group controlled by US cable group Tele-Communications of Denver, said they planned to launch a round-the-clock business channel in February. European Business News will be broadcast by satellite and carried on cable network. There will also be a specialist service aimed at the screens of market professionals. Dow Jones is already a partner in the satellite channel, Asia Business News, launched last year in Singapore.

Also on Thursday, NBC Super Channel, the pan-European satellite broadcaster whose US parent company operates the CNBC business channel, announced an expansion of its coverage.

From January 3, NBC Super Channel will broadcast *European Money Wheel* – five hours of live business programming which will focus on the main financial and business markets. The morning *European Money Wheel* segment will be followed in the afternoon by CNBC live from the US, before giving way to non-business programming in the evening.

NBC Super Channel has not ruled out becoming a 24-hour business channel by adding an *Asian Money Wheel* to its existing Asian business service.

Likely to provide the European input is FTTV, the television arm of the Financial Times, which already provides two live 30-minute business programmes each weekday for NBC Super Channel. It is on the verge of signing a deal to provide the new *European Money Wheel* section, though neither organisation would confirm this officially last night.

That means that by early next year the two rival business publications, the Financial Times and the Wall Street Journal, will be involved in head-to-head confrontation for the business television market in Europe – though not 24 hours a day.

The activity is in marked contrast to a few years ago, when an early attempt to create a European business channel failed. The Zurich-based European Business channel went into bankruptcy in June 1990 after a possible rescue from Time Warner, the US media group, fell through.

A similar revival of interest in business programming is taking place in terrestrial television. In 1991, after four years on air, Channel 4 closed down its *Business Daily* having decided that its stretched resources should be used for business documentaries, rather than reaching about 350,000, often retired viewers on weekday lunchtimes.

Yet on September 19 the BBC will launch *Working Lunch*, a new half-hour programme five days a week, intended to explain the business and financial world.

The activity is in marked contrast to a few years ago, when an early attempt failed

To some in the media industry, the flurry of interest is surprising. Mr Mark Wood, editor-in-chief of Reuters news and information group, which this year launched a specialist financial television service for market professionals, is sceptical about the prospects for more general business channels, such as that planned by Dow Jones and Flextech.

"It's a bold move. We keep looking at it [a general business channel], but we have not been able to see how it can be done profitably," says Mr Wood.

Apart from its specialist channel, Reuters Financial Television, which usually only broadcasts when there is a market-moving interview or announcement, the group prefers to make programme segments for other broadcasters.

In spite of such scepticism, Mr Michael Connor, the managing director of European Business News who is beginning talks with cable operators about carrying the new channel, is optimistic there is a market for a quality channel offering "news for business people".

Dow Jones appears to be intent on creating a worldwide network of both general business, and specialist, channels for market professionals. In Asia, for instance, it is experimenting with a specialist service to complement the existing Asia Business News. In the US, the company is thinking about adding a general channel (to challenge CNBC) to its existing specialist outlet, Dow Jones Investor Network.

Its plans for Europe appear to be built on a conviction – rather than evidence – that there is a market for such services. There are no firm estimates of likely audiences. Even in Asia, after nearly 10 months on air, Mr Chris Graves, managing editor of Asia Business News, can only say that the channel, which can be picked up from Taiwan and southern China to Thailand and eastern India, is now available in between 12m and 16m homes.

He has, however, had letters from the Solomon Islands and reports that his audience includes businessmen such as Mr Richard Li, founder of Star Television, the Hong Kong-based satellite broadcaster.

Similarly, NBC Super Channel argues that it has a big reach on which to build an audience. It says it can be received in a total of 60m homes in Europe, former Soviet states, the Middle East and north Africa – 33m on cable networks and a further 27m through terrestrial retransmission.

Nevertheless, as the multi-million-pound business television battle begins to intensify, there is more than a degree of caution in the advertising world. "Newspapers are a much better way to reach businessmen. There's much less waste," says Mr Adam Smith of Zenith, the media buying arm of advertising group Saatchi and Saatchi.

If business television is to become a proper business in Europe, it will increasingly have to depend on subscription revenue from cable operators, as well as advertising. It will also have to prove businessmen want to watch.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Pattern of EU progress leaves public feeling frozen out by Eurocrats

From Mr Mark Libby.

Sir, I read with interest your editorial, "The chance for a Euro-debate" (September 5), about a multi-speed Europe.

Openness to the extension of the "hard core" and minimum EU membership requirements will not be enough for this model to work. Further democratisation of the European Union will also be necessary. Even after Maastricht, democratic accountability undermines the moral legitimacy of the European Union and endangers both the process of integration and the process of enlargement.

Until now, integration and closer co-operation among EU member states have been hammered out by national politicians in a relatively behind-the-scenes manner. This pattern cannot be sustained. It is alienating to the electorate and leaves the public with the impression that it has been frozen out by "Eurocrats". This process also links European integration firmly to the incumbent and often unpopular national governments who make the decisions. This discourages public debate of European issues on their own merits.

In a similar fashion, the democratic deficit undermines a key element to the logic of widening the EU. Membership of the Union will do little to "reinforce parliamentary democracy" in eastern Europe if policy-making at the European level does not incorporate greater democratic consultation. As European co-operation grows stronger, decisions made at the EU level will take on greater importance. Eastern and western Europeans alike will want a greater say as this process goes forward. But, however noble its end-goals, the current Byzantine horse-trading which characterises EU politics has little more legitimacy than a Soviet-era politburo.

Mark Libby,
72 Rogers Avenue,
Somerville, MA02144, US

The critical factor in population growth

From Mr John Montagu.

Sir, Edward Mortimer ("False alarm in Cairo", September 7) and others at last begin to reveal one of the underlying development messages of the Cairo conference which have been blurred by the more newsy antics of more fanatical priests and mullahs. Women's economic power and consumer choice, where it has been allowed to develop, is already making an impact on the growth of world population and may ultimately prove the most critical factor – more than education.

I visited a women's economic activity development project in Orissa recently on behalf of the international charity Care, and was impressed by the potential earnings and savings power of rural women employed in a variety of small businesses. This scheme is linked directly with a government nutrition programme in which families benefit from a range of health and childcare advice, while mothers have the chance to meet and share ideas for improving their income.

It is only within this social and economic structure that women cease to be mere child-bearers and have the opportunity to plan their families in the broadest sense.

In many countries they of course start at a considerable disadvantage, but it has been shown that in the least advanced rural economies there is often potential for the most dramatic social change.

John Montagu,
Mapperton House,
Beaminster,
Dorset DT8 3NR

Problem of own making

From Earl Russell.

Sir, Jonathan Aitken's comments on the growth of housing benefit ("Aitken targets housing housing benefit", September 6) are an example of what John Stuart Mill called the "inability of the unanalytic mind to recognise its own handiwork". He quotes figures for the growth of housing benefit since 1988, that is since the 1988 Housing Act deliberately adopted a policy of forcing up rents which has led, as could have been foreseen, to the growth of housing benefit. The government picked the rod for its own back.

Cuts in housing benefit without rent reductions will make more people homeless – just when the route of the homeless into permanent rehousing is being closed. This will lead to much higher expenditure on temporary housing and to a rapid growth in street begging. I fear the prime minister might find it an eyesore.

Russell,
Liberal Democrat spokesman,
House of Lords,
London SW1

Easier to bring to account

From Mr Stephen B Brass.

Sir, Government refusal to legislate for the interest on non-payment of accounts is but a small part of the UK business scene which has long since branded us as a third world country ("Venturing capital", August 25). Some of the others are:

1) The right to bounce cheques *ad infinitum*.

2) The time taken for courts to approve debts. Even when debts are approved for collection, the system for doing so is outrageous, with bailiffs rarely visiting as required – and going away as soon as someone says "boo". The time they take is sufficient to allow anyone to disappear with any remaining assets.

3) Complex court procedures for redress. They are as costly as for any complex action, when they should be part of a simple "business court" and easy to operate in a business climate.

Business disputes should be able to go through the business court directly if the parties do not wish/are unable to go through the various agencies currently available, most of which do not have any legal standing.

For an easy reference to countries which operate easy, workable and efficient systems I suggest examination of systems in operation in Switzerland and Germany.

Stephen B Brass,
Stephen B Brass (Agencies),
88a The Broadway,
London NW7 3TB

Keep a sharp eye on Spanish property contract, not the Sangria

From Mr Ian S Blackshaw.

Sir, I read with great interest Gerald Cadogan's article on Spanish property (*Mediterranean Property*, August 13/14) and, in particular, his warning against the vendor including a clause in the contract of sale, under which the purchaser becomes responsible for all the debts and taxes of the property. Such a clause can, contrary to what the General Spanish Law otherwise provides, add quite substantially to the price.

This underlines the need not only for professional legal advice to be taken at an early stage in any Spanish property purchase, but also the need to follow the common sense precept that one should not sign anything, especially in Spanish, which one has not read or understood, particularly after a jug or two of Sangria!

Ian S Blackshaw,
international counsel,
De la Rosa & Asociados,
Ricardo Soriano 22,
29600 Marbella, Spain

Rise in continental car production lifts Laird

By David Wighton

Laird Group, the automotive components and building products manufacturer, saw underlying pre-tax profits improve by 17 per cent to £23.9m in the first half helped by a recovery in continental car production in May and June. If last year's £3.1m exceptional credit is included, profits rose by just £300,000.

Mr John Gardiner, chairman, said that all three of the group's divisions reported higher profits, excluding exceptional items. "For the future the full benefits of the major investments in Draftex in Spain and the Czech Republic for the automotive industry have yet to be realised and the new plant in the US for Fullarton to supply the personal computer industry is just starting."

Lydia van der Meer

John Gardiner: all three divisions ahead, excluding exceptionals

Underlying profits from automotive sealing systems rose 14 per cent to £10.9m on sales of £114.6m (£118.3m) despite margin pressure in Germany. Mr Ian Arnott, managing director, said he did not expect to see a rapid recovery in Germany due to the car manufacturers' efforts to reduce their costs and the transfer of assembly to lower cost countries.

However, Laird saw good growth in France helped by the success of Renault's and Peugeot's small models. Profits also rose sharply in Spain where the investment in new capacity began to pay off. The full benefit from Volkswagen's new Polo, which was launched on the continent last month, will be felt next year.

Underlying operating profits from the industrial products division rose 17 per cent to £11.5m on sales of £115.4m (£105.3m), largely thanks to the non-sealing systems automotive components business in France. The UK and US building products companies also turned in better figures.

Helped by a lower tax charge, earnings per share rose 7 per cent to 13.2p, an increase of 23 per cent excluding exceptional items. The interim dividend is up from 4.2p to 4.4p. Although Laird does not recover all its ACT, it has so far decided against paying foreign income dividends.

● COMMENT

Given its heavy dependence on the French and German car markets, Laird has performed extremely well over the last couple of years. Its Spanish investment has come good even though the new Polo, which was the main reason it put up the plant in 1989, is only now rolling off the production line. The non-automotive businesses are also building nicely and the French market is now recovering well. But life remains very tough. It is having to absorb some raw materials price increases in the face of fierce competition and pressure on costs from the car manufacturers, particularly in Germany. Profits could reach £44m this year which puts the shares at 406p on a multiple of nearly 17. With a yield of only 3.4 per cent the shares may struggle to make more headway.

Sheffield Insulations well ahead at £9.11m

By Paul Taylor

Sheffield Insulations Group, the distributor of thermal insulation and related products, yesterday announced substantially higher interim pre-tax profits, reflecting organic growth and acquisitions.

The group also revealed plans for a one-for-one scrip issue and said it plans to change its name to SIG to more reflect its broadly-based distribution business in the UK and overseas.

Pre-tax profits in the six months to June 30 almost trebled from £3.09m to £9.11m, on turnover up 78 per cent to £132.7m (£74.6m), which included £31.2m (£1.44m) from acquisitions.

Earnings per share advanced by 55 per cent to 8.5p (5.5p) and the interim dividend is increased by 11 per cent to 2p (1.8p).

Mr Norman Adsetts, chairman, said the results reflected "good organic growth in the continuing operations supported by encouraging contributions from acquired businesses.

"The strong first half sales and margin performance in all our businesses and the opportunities which exist for further growth and development within the group lead me to view the second half and beyond with confidence," he added.

Operating profits from continuing operations advanced from £3.09m to £7.81m, while total operating profits increased threefold to £9.25m (£3.09m). WMS Group, a manufacturer of fittings for plastic windows and doors which contributed only one month's profit to the 1993 interim results, posted operating profits of £3.2m on turnover of £19.8m in the 1994 first half.

In the core insulation and ceilings distribution business, market share gains, further operating efficiencies and progress on margins all contributed to an improvement.

In hardware and security products, WMS continued to trade well having produced a strong profit performance.

Costain slips back into the red

By Christopher Price

Shares in Costain Group fell 11 per cent yesterday as the construction and engineering group slipped back into the red for the first six months of the year and put its US mining operations up for sale.

The company said that the mining division, which has been the subject of a recent $170m (£110m) investment programme, was likely to fetch in the region of £180m, although industry analysts believed the figure was more likely to be about £160m.

Mr Peter Costain, group chief executive, said that the group had already received several approaches. "There is consolidation in the industry and after our successful investment programme we believe it is the right time to exit."

He added that the decision to sell had been prompted by a review of the company's strategy resulting in a plan to concentrate its efforts on the construction and engineering business.

The shares closed down 3p at 24½p.

Operating losses for the mining division totalled £9.8m (£5m profits) in the period helping drag Costain into pre-tax losses of £14m compared with profits of £68.1m, which included disposal profits of £68.5m.

Turnover fell to £514.8m, against £622.6m which included £38.2m from discontinued activities leaving the decline on continuing operations at 12 per cent.

Losses per share were 8p, against earnings of 28.5p. The dividend, last paid in 1991, was again passed.

Mr Costain said that the investment programme in the US mining business had been self-financing and had enhanced the sale value. Mr Thomas Parker, who headed the US coal operations, has left by mutual consent and been replaced by Mr Peter Hill, a member of the board.

Profit margins in the construction and engineering division slipped from 1.5 per cent to 1.3 per cent as the company experienced tough trading conditions, particularly in the UK.

Operating profits fell 31 per cent to £4.6m (£6.7m) on turnover down 24 per cent at £349.8m (£432.1m). Mr Costain said he expected the UK market to remain difficult for the foreseeable future and that the company was redoubling its efforts to seek overseas work where margins were healthier.

The continuing divestment programme of non-core assets resulted in net debt falling from £204.7m to £63.3m. Shareholders funds increased 34 per cent to £210.4m (£157.4m), helping cut gearing from 37 per cent to 30 per cent.

See Lex

Taylor Nelson rises to £3.1m

By David Blackwell

Taylor Nelson AGB, the market research group, doubled pre-tax profits to £3.06m in the six months to end-June.

This compares with £1.55m in the first-half last year, when the company invested £526,000 in an associated business.

The company attributed the improvement to rigorous cost controls and a reduction in low margin business, as well as an upturn in general business. The increased volume had been handled with little increase in administrative costs.

Operating profits rose by 47 per cent from £1.88m to £2.77m, while turnover increased by 10 per cent from £25.9m to £28.6m.

Mr Tony Cowling, chief executive, said the company had been promoting branded services, where margins were higher. In the business service sector the brand Foqus, which measures levels of customer satisfaction, had won several large contracts.

However, the healthcare sector, which accounts for more than 20 per cent of group sales, had proved the strongest performer. Turnover grew by 40 per cent as the pharmaceutical industry responded to dramatic change, with a move from branded to generic products.

The net cash position improved from £8.46m at the end of last year to £12.3m at the end of the half. Net interest receivable rose from £195,000 to £288,000.

Earnings per share rose from 0.47p to 0.91p, and the interim dividend is lifted from 0.13p to 0.3p.

Too many chasing too little

Andrew Taylor looks at the problems facing the UK contractors

Some of the worst financial results to be published by Britain's construction companies were announced this week.

The contracting arms of Wimpey, John Laing, Amec and Costain between them produced a profit of just £8.3m from a combined turnover of more than £1.5bn in the first six months of this year.

Published profits would have been even worse but for the inclusion by Wimpey and Costain of interest earned on advance payments for construction work. John Laing and Amec, which did not include interest, managed only to break even on a combined turnover of £834m.

Annual UK construction output fell by 12 per cent between 1990 and the end of 1993. Contractors which won work during that period on lossmaking or non-existent margins to boost cash flows are now paying the price.

The scale of the downturn has prompted renewed calls for mergers and acquisitions to rationalise a UK industry which still has too many companies chasing too little work.

Mr Martin Laing, chief executive of John Laing, has blamed banks for helping to sustain over-capacity in the industry, propping up UK contractors which would otherwise have failed during the recession.

But reducing the number of general contractors will be difficult to achieve, says Mr Alan Cockshaw, Amec's chairman. Many balance sheets have been sapped during the recession, while companies which can afford it "will be reluctant to purchase skills they already possess simply to reduce capacity and benefit competitors as much as themselves."

UK contracting margins, therefore, are likely to remain depressed with construction demand expected to rise only modestly in the next two years.

Companies like Laing, Amec, Wimpey and Costain, therefore, are looking to international work and private investment in infrastructure to increase profitability of their contracting operations.

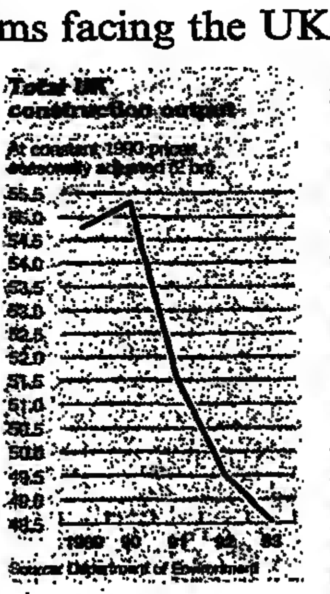
Competition in overseas markets, however, is also tough and likely to become increasingly so, as contractors in other countries, particularly in east Asia, develop new skills.

South Korea, when it began its nuclear power programme 15 years ago, imported up to 90 per cent of the value of the works. Today imports have been cut to 10 per cent while Korean construction companies have broken into international markets, particularly in the Middle East, where they have been highly competitive.

Martin Laing says: "It has long been recognised that being proficient in pouring concrete and erecting steel is not enough and that British and other international companies need to bring something else to the party if they are to be successful in overseas markets.

"Far Eastern countries have shown themselves very quick to learn new skills which they then use to win work in other export markets, further increasing competition."

Laing and other large British contractors in a bid to resolve this dilemma are pursuing privately-financed domestic and international infrastructure projects where returns, because of the investment risks involved, are expected to be much higher than for traditional contracting.



Europistas, the Spanish toll road company in which Laing has an 18 per cent interest, is expected to generate dividends this year of £3.4m, against a book cost of £8m. The group's five per cent stake in a Malaysian power station project is expected to yield returns of at least 15 to 20 per cent from dividends, the construction management contract and the increased value of its equity.

Mr Joe Dwyer, chief executive of Wimpey, this week argued that rates of return on privately-financed UK infrastructure projects will need to be between 10 and 15 per cent if investors are to persuaded to support them.

This figure, he admits, is higher than the British government wishes to concede, although the "gap between us has narrowed."

He is strongly supported by Martin Laing, who says contractors with househuilding operations, such as Wimpey, Amec and Laing, can choose to invest their money elsewhere if the returns offered on UK private infrastructure projects are insufficient.

Laing has recently been buying UK housing land on the basis of achieving an operating margin of between 10 and 12 per cent, which would produce a return on capital of about 20 per cent, says Mr Jim Armstrong, the finance director.

British infrastructure investments will also have to compete with international projects seeking private investment, such as the £300m first phase of privately-financed light rail system in Kuala Lumpur in which Taylor Woodrow has taken a 15 per ent stake.

Contractors such as Taylor Woodrow have taken the lead in bidding individually and forming consortia to tender for privately-financed UK roads, railways, hospitals, prisons and student accommodation. Companies, however, will need sound balance sheets if they are to make headway in this market.

Laing, which had net cash of £16.2m at the end of June is more advanced than many of its rivals in establishing a portfolio of private infrastructure investments. These include the £300m privately-financed new Severn bridge, which it is building jointly with GTM Entrepose of France.

The problem for shareholders is that projects are unlikely to start making significant returns until the mid to late 1990s. Meanwhile general contracting margins will remain depressed and construction companies will have to continue to rely on a recovering UK housing market to bail them out.

Perry shares take a 12% tumble to 173p

By Heather Davidson

The share price at Perry Group, the motor distributor, dropped 12 per cent yesterday from 198p to 173p.

Mr Richard Allan, chairman and chief executive, reacted with surprise, blaming the fall on "over reaction by the market makers" to August's new car sales figures.

Pre-tax profits for the six months to June 30 fell 11 per cent from £2.87m, which included a £1.56m property disposal, to £2.56m. The figures, Mr Allan said, were "in line with expectations".

Operating profits improved by 29 per cent to £3.14m (£2.44m) on turnover up 17 per cent from £151.2m to £176.2m. New operations provided operating profits of £131,000 and turnover of £1.64m.

In his statement to shareholders, Mr Allan said the significant improvement in the first quarter was not sustained in the second, when consumer confidence appeared to stall.

New car sales to fleets over the six month period were up 19 per cent, while retail sales rose only 6.5 per cent. The sale of new cars accounted for 50 per cent of turnover but only 17 per cent of gross profits.

Mr Allan added that establishment of the new car sales "hub", which the company will lease from Ford, was "taking longer than either would have wished"; until then, he said, the market's full potential would not be unlocked.

Earnings per share were 6.6p against 10p, a fall of 34 per cent reflecting last September's rights issue. The interim dividend is unchanged at 2.75p.

NEWS DIGEST

Automotive boost for Armour Tst

Driven by growth in its automotive supplies division, Armour Trust, which also has confectionery interests, raised turnover by 6 per cent from £24.6m to £26.1m in the year ended April 30. Pre-tax profits grew 13 per cent to £1.83m, against £1.61m.

After a reduced tax charge, earnings per share rose 17 per cent to 4.9p (4.2p), while a final dividend of 1.42p makes a total of 1.8p (1.6365p).

Mr Andrew Balcombe, chairman, said the automotive division had been significantly strengthened by four acquisitions in the year and a further one since the year end.

He said "the group can now look forward to further progress in the current year through a combination of organic growth and focused acquisitions."

Headway

Despite a low level of demand for garden furniture, Headway, the consumer and industrial goods specialist, raised pre-tax profits by 19 per cent from £272,000 to £323,000 for the year ended June 30. Turnover was 9.5 per cent higher at £27.3m.

Operating profits grew 24 per cent to £406,000. The consumer products side made a slightly lower loss of £308,000 (£336,000) on turnover up 9 per cent to £19.6m, while industrial products raised turnover 11 per cent to £7.7m and profits by 7.5 per cent to £714,000.

Earnings per share rose by 19 per cent to 1.9p (1.6p) and the recommended single final dividend is again 0.7p.

Trafford Park

Trafford Park Estates, the property company, reported pre-tax profits for the year to June 30 ahead by 42 per cent from £4.12m to £5.84m, including a £365,000 contribution from property sales.

Turnover increased 13 per cent to £11.5m (£10.2m).

Earnings per share came out at 5.89p (4.34p) and the dividend is raised to 3.15p (2.8p) with a recommended final of 2.2p.

Thomas Walker

Thomas Walker, maker of metal smallwares, increased pre-tax profits from £47,370 to £221,723 in the year to June 30, on turnover of £3.99m, against £3.66m.

Earnings per share climbed from 0.45p to 2.8p and a recommended final dividend of 0.5p (0.4p) makes a total for the year of 0.68p (0.58p).

Equifax/UAPT

Equifax, the US credit data group, is extending its £51m offer for UAPT-Infolink, the British credit reference company, until September 26.

Now the Secretary of State has decided not to refer Equifax's 650p per share offer to the Monopolies and Mergers Commission it has been unanimously recommended by the UAPT board, which had previously recommended a lower offer from its US rival Trans Union.

Equifax has so far received acceptances in respect of 2.41m UAPT Infolink shares, representing 31 per cent.

Stavert Zigomala

Pre-tax profits at Stavert Zigomala more than doubled for the year ended March 31 from £52,746 to £116,078.

Turnover at the furniture and carpet wholesaler and investment holding company was up from £788,607 to £815,111.

Earnings per share were 31.82p (11.91p). The final dividend is again 9.4145p.

Towles/London City

Towles, the Loughborough-based textile maker, has been acquired by London City Equities, the Australian company which was already Towles' largest shareholder.

The purchase became effective following a shareholders meeting of London City in Australia and waiver of final conditions.

This brings to an end a three month takeover bid which was initially opposed but ultimately recommended by the Towles board.

Lloyds Smaller

Lloyds Smaller Companies Investment Trust had a net asset value per capital share of 122.2p at July 31, compared with 106.9p 12 months earlier.

Net revenue for the trust, which invests in UK smaller companies, was £472,000 (£453,000) for the six months to end-July.

Earnings per dividend share were 1.92p against 1.85p and the interim dividend remains 1.75p.

DIVIDENDS ANNOUNCED

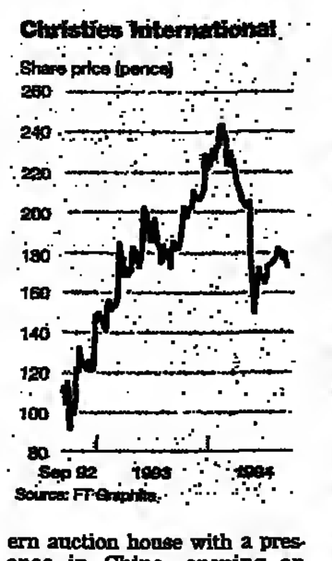
	Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Armour Trust ....fin	1.42	Jan 6	1.29	1.8	1.6365
James Beattie ....int	1.5	Nov 1	1.5	-	6.2
Christies Intl ....int	0.5	Nov 1	0.5	-	2
Headway ....fin	0.7	Nov 3	0.7	0.7	0.7
Instem § ....int	1.4	Nov 25	1.3	-	3.1
Laird ....int	4.4	Nov 25	4.2	-	10.7
Lloyds SmallerIT ....int	1.75	Nov 3	1.75	-	3.6
Molins ....int	5.3	Dec 2	4.9	-	15.4
Perry Group ....int	2.75†	Dec 1	2.75	-	7
Sheffield Insul ....int	2†	-	1.8	-	5.4
Stavert Zigomala ....fin	9.4145	-	9.4145	9.4145	9.4145
Taylor Nelson ....int	0.3	Jan 3	0.13	-	0.45
Trafford Park ....fin	2.2	Nov 24	1.95	3.15	2.8
Ulster TV ....int	7.5	Oct 21	6.25	-	15
Vinten ....int	2.4	Oct 28	2.1	-	7.8
Walker (Thomas) ....fin	0.5	Nov 4	0.4	0.68	0.58
World of Leather ....int	0.75	Oct 21	nil	-	nil

Dividends shown pence per share net except where otherwise stated. †On increased capital. §USM stock.

COMPANY NEWS: UK

Broad-based growth lifts Christies to £8.1m

By Caroline Southey



Broad-based growth in all its main salerooms helped Christies International, the auctioneers, lift first half pre-tax profits by 15 per cent to £8.13m.

Total auction sales rose by 19 per cent to £390m in the six months to June 30 compared with the same period last year, although this was below the £399m achieved in the second half of 1993.

Furniture, oriental art, old masters, books and wine all produced sales increases of more than 25 per cent; the New York, *Hong Kong* and South Kensington salerooms all saw rises of 19 per cent or more.

Sir Anthony Tennant, chairman, said sales planned for the forthcoming season, which included consignments such as a Leonardo da Vinci manuscript, were encouraging. But it was too soon to predict second half sales.

Christies continued to devote "substantial resources" to developing its presence in east Asia and Latin America, he said. It became the first western auction house with a presance in China, opening an office in Shanghai earlier this year. Spring sales in Hong Kong grew by 50 per cent.

Mr Peter Blythe, deputy finance director, said Christies would use the office in Shanghai to raise its profile in China before making decisions about further investments.

Total auction revenues rose by 21 per cent from £71m to £59m. This was slightly more than anction sales, mainly because of an increase last March in the buyers' premium, a commission charged to buyers.

Competition for major consignments meant that auction commission as a proportion of sales remained under pressure and costs had been pushed highar. Administrative expenses were up from £20.2m to £26m while auction, print and other costs rose to £49.3m (£39.1m).

Remuneration costs also incressed, partly because of recruitment in the Asia-Pacific region and Latin America.

Spink and Son, the fine art dealer acquired last April, contributed £10.6m to sales against £5.7m last time, whila its operating profits dropped from £178,000 to £51,000.

Earnings per share increased by 13 per cent to 2.84p (2.51p).

The interim is unchanged at 0.5p.

See Lex

Packaging side helps Molins up to £8.8m

By David Blackwell

An improved performance by the packaging division and lower interest payments helped Molins, the machinery group, to report a 10 per cent increase for the first half, in spite of a fall in operating profit on the core tobacco machinery side.

Pre-tax profits increased from £8m to £8.8m for the six months to end June, on turnover ahead at £98.6m (£85.2m).

Chinese demand for cigarette making eqnipment boosted the tobacco machinery division's turnover from £52.2m to £61m. "The engine of growth has been the Chinese market," said Mr Peter Greenwood, managing director, "with continuing strong demand."

Operating profits from tobacco machinery fall from £8.4m to £8.1m. This was partly because sales of spares declined as a result of the cigarette price war in the US.

In addition the net pension credit, following a repayment to the group of £11.8m last year, fell from £1.8m to £1.4m.

The repayment helped the group to cut borrowings from £18.4m to £3.3m. Net interest payable for the half was down from £1.1m to £500,000.

The US based packaging machinery division, which concentrates on corrugated board, lifted operating profits from £600,000 to £1.2m. Turnover rose to £37.2m (£32.6m).

Mr Greenwood said the company was still not happy with margins, "but at least we can point to progress, driven by improved conditions in North America."

The group is diversifying into food machinery, and first deliveries of a £6m contract with a multinational company for food machinery begin later this year. "This is a first step into what we hope will be a new market for us," said Mr Greenwood. "We are building on our expertise in machinery that can handle delicate materials at high speed."

Earnings per share were 22.2p (20.1p), and the interim dividend is raised from 4.9p to 5.3p.

Vinten in the black at £9.06m

By Paul Taylor

Vinten, the international manufacturer and supplier of photographic, hroadcast and surveillance prodocts, yesterday reported interim pre-tax profits of £9.06m, compared with a losses of £1.71m after taking account of a £7.27m exceptional charge.

Acquisitions made in 1993, favourable trading conditions and the elimination of loss-making activities, including the electro-optics operations, belped lift trading profits by 59 per cent to £9.52m (£6m) on turnover which advanced by 7 per cent to £46.7m (£43.7m).

Earnings per share of 18.4p compare with losses of 7.2p and the interim dividend rises to 2.4p (2.1p).

Mr Malcolm Baggott, group chief executive, said the results, which were ahead of market expectations, represented "an outstanding performance." The shares closed 19p higher at 502p.

The profit advance was led by the photographic business, which increased its profit contribution by 48 per cent to £5.24m (£3.54m) in turnover up 30 per cent to £21m (£16.1m). The latest period included a full contribution from Bogen Pboto which was acquired in April last year and a particularly strong performance by Gruppo Manfrotto.

The broadcast business, which comprises Vinten Broadcast and Bexel which reported substantially improved results, more than doubled its profits to £2.89m (£1.24m) on turnover which grew by 7 per cent to £16.3m (£15.3m). Trading profits were boosted by cost reductions and by the acquisltion of Total Spectrum Manufacturing in June last year.

Surveillance, the old core Vinten business, managed to increase turnover by a more modest 2 per cent to £9.35m (£9.17m) although profits nt £1.4m were sligbtly down on the unusually high £1.69m in 1993.

Vinten's cash flow was again very strong and net debt fell by £10.7m to £700,000 resulting in negligible gearing at the end of June.

● **COMMENT**

Vinten's transformation from a small domestic defeoce orientated business into an international company with three main business activities is complete and the group is now beginning to reap the rewards. Bolstered by shrewd acquisitions and timely disposals the trading margin in the latest period was a very comfortable 20.4 per cent. Perhaps the biggest question facing the management is what to do for an encore. With £29m of cash in the balance sheet at the half year and virtually no gearing the management has plenty of flexibility. Building a fourth leg to the business looks like a reasonable option. In the meantime analysts were upgrading their full year pre-tax profit forecasts yesterday to around £18m producing earnings of about 36.8p. Despite yesterday's rise tbe shares are trading on a prospective p/e of 13.6 and still look good value.

Virtuality sees 1995 profits

By David Wighton

Virtuality Group, the designer and manufacturer of virtual reality computer games which floated in October, yesterday forecast that it would move into profit next year.

In the six months to June it recorded a pre-tax loss of £695,000, after spending £880,000 on development, compared with a profit of £65,000.

But Mr David Payne, chairman, stated:"I am confident that the existing core business and the signing of further licensing agreements will enable Virtuality to report a profitable outcome for the 1995 financial year."

First balf sales jumped to £4.12m (£2.44m) as a result of unit sales of entertainment systems more than doubling to 184, against 75 and a total of 183 sold during 1993.

Mr Jon Waldern, chief executive, said sales of its second generation machines, introduced in January, were on target. Tbe second balf sbould benefit from the recent launcb of its second generation seated machine and from first sales of a low cost system developed with IBM for commercial users of virtual reality.

Virtuality's shares, wbich were floated at 170p, reacbed a high of 364p before falling back on worries about cbeap competition. They slipped 2p to 197p yesterday.

Mr Waldern dismissed announcements by potential rivals as "a lot of hot air".

"Nobody has brougbt together a whole product that matches our products in the arcade market."

He said Virtuality was also well-placed to take advantage of the potential bome market wben the computer games manufacturers launched their new generation of machines.

World of Leather plans faster growth

Improved trading doring 1994 has encouraged World of Leatber, the USM-qnoted furniture retailer, to accelerate its growth plans.

It is also returning to the dividend list with an interim payment of 0.75p.

The company plans to take the present 29 stores to 45 witbin tbe next three years.

To finance the expansion it is seeking a net £2.8m by way of a 1-for-2 rigbts issne of 4.02m shares at 75p. The issue is nnderwritten by Beeson Gregory, tbe company's broker.

The company also announced pre-tax profits of £341,000 for the first half of 1994, compared witb £71,000 last time and full year losses of £121,000.

Turnover advanced by 10 per cent from £14m to £15.5m.

Profits were belped by margins being maintained and by the lack of last time's exceptional charge of £134,000 relating to the settlement of a dispute with a contractor.

The directors are not taking np all their entitlements, resulting in their aggregate boldings falling from 62 per cent to 42 per cent.

The company is seeking to move up to a full listing.

Earnings per share came out at 3.3p (0.9p).

Weather checks James Beattie performance

Announcing a static first half pre-tax profit of £1.27m, against £1.22m, Sir Eric Pountain, chairman of James Beattie, the Midlands department store group, said performance had been depressed by the weather.

Although total sales for the six months to July 31 were up by 9 per cent to £40.8m (£37.4m) this reflected new space; on a like for like basis sales were only 2.8 per cent ahead.

"The opening and closing weeks of the half year brought difficult trading conditions as we suffered from the extremes of weather," said Sir Eric.

After capital expenditure of £2.2m investments stood at £19.7m at July 31 against £19.3m a year earlier.

Earnings per share came out at 1.8p (1.73p). The interim dividend is a same-again 1.5p.

Premier Consolidated hit by oil price fall

By David Lascelles, Resources Editor

Premier Consolidated Oilfields, the independent oil company, raised its production by 26 per cent in the first half of 1994. But a parallel fall in the oil price, of 26 per cent, left operating profits down slightly over the period.

The company earned £8.5m to June 30, compared with £8.7m, while at the pre-tax level profits were down at £5.3m (£6.2m). After-tax profits at £3.4m were down by £1.2m due to adverse currency movements and slightly higher tax.

No dividend is being proposed, but Mr Charles Jamieson, the chief executive, said that Premier "is working towards it."

Capital expenditure over the period was £17m, and gearing remained around 50 per cent, with net borrowings of £64m.

Premier recently became the first foreign oil company to sign an oil production agreement in post-communist Albania. The deal, with Albpetrol, the state oil company, provides for enhancement of the Patos Marinze fields in the south of the country, and a development well at Dumre.

The company has also had exploration successes in Tunisia and Pakistan, and a testing programme is in progress offshore Cambodia.

Premier's current production is over 14,000 barrels of oil equivalent a day, and this is expected to rise to 20,000 barrels by the end of next year as developments at Wytch Farm, Fife and Qadirpur come on stream.

Mr Jamieson said: "We are exposing our shareholders to considerable upside throngh low cost offshore developments."

Ulster TV up 25% to £2.45m

By Raymond Snoddy

Growth in advertising revenue pusbed the pre-tax profits of Ulster Television up by 25 per cent in the six months to the end of June to £2.45m.

The Northern Ireland broadcaster increased advertising revenue by 16.1 per cent to £14.1m, a rate of growth more than double that achieved by the ITV system as a whole.

The growth was influenced, said Mr John McGuckian, the Ulster chairman, by a share of viewing that continued to be the highest of any television channel in the UK and the fact that consumer expenditure in the recession had held up better in Northern Ireland than in the rest of the UK.

Current trading continued to be healthy and the television market in tbe UK was strengthening as a result of growing confidence in recovery. "We expect that this will be reflected in the forthcoming 1995 negotiations this autumn with tbose advertisers on annual agreements," Mr McGuckian said.

Ulster Television also reaffirmed its intention to apply, with partners, for a cable television licence for Northern Ireland.

Turnover for the six months was £15m, an increase of 13.6 per cent. Earnings per share rose from 6.25p to 15.6p and the interim dividend rises from 6.25p to 7.5p.

Investment income at £204,000 was significantly lower than tbe £641,000 last year, reflecting lower deposit and dividend income, but will realise an exceptional pre-tax gain of £860,000 in the full year from tbe sale of part of its stake in SES, the Luxembourg-based satellite system.

The share price rose 15p to close at 685p.

INTERNATIONAL COMPANIES AND FINANCE

Union Carbide severs Indian link

By Shiraz Sidhva in New Delhi

Union Carbide, the US chemical company, is to cut its links with India 10 years after the world's worst industrial disaster at its pesticide plant in Bhopal.

The group is selling its controlling 50.9 per cent stake in Union Carbide india to McLeod Russell India, part of the Calcutta-based B. M. Khaitan tea and engineering group, for Rs2.9bn ($92.3m).

Carbide, facing criminal proceedings in Indian courts for the disaster which killed more than 2,500 people and seriously injured more than 30,000, had been permitted by the Indian Supreme Court in February to sell its stake in Union Carbide India to tha highest bidder. McLeod Russell's bid of Rs175 per share was the highest received.

The court said Rs650m of the sale would go to the Bhopal Hospital Trust for the building of a hospital to treat the victims of the gas disaster. The trust, headed by Sir Ian Percival, bas received Rs188m from Union Carbide India for the hospital. Another Rs500m would be due to the government as capital gains tax. The rest of money would be held in an escrow account until the criminal cases pending against Carbide were resolved.

The US parent was forced to sell some of its businesses worldwide to pay $470m in compensation to the victims, after a settlement was reached in 1989 between tha company and tha Indian government, following four years of litigation.

The Carbide sale was negotiated by Bombay-based Credit-capital Finance Corporation and the State Bank of India, India's largest nationalised bank.

Other bidders included Mr Nusli Wadia, head of Bombay Dyeing, the textiles and chemicals group whose bid was made in conjunction with the UK-based Eveready Battery company, a subsidiary of Ralston Purina, which bonght Carbide's battery business worldwide, except in India, after the gas tragedy.

Heineken profits rise 15% at six months

By Ronald van de Krol in Amsterdam

Heineken yesterday said it lifted net profit before extraordinary items by 15.8 per cent in the first half, in spite of a stagnation in the volume of beer sold.

The Dutch brewer attributed the rise to a stronger performance by its premium brands, such as Heineken, Amstel and Bnckler, whicb command higher prices and genarate higher profit margins than the standard beers in its international portfolio of brands.

Net profit before extraordinaries rose to Fl 254.5m ($144.6m) from Fl 220.1m a year earlier. Turnover was up 3.9 per cent at Fl 4.69bn compared with Fl 4.52bn in the same period of 1993.

Total net profit was lifted to Fl 313.1m by an extraordinary gain of Fl 58.6m from the sale of a stake in Bols Benelux, the spirits joint venture.

Heineken said profit from normal business operations would rise at roughly the sama rate in the second half as in the first six months.

The company gave no figure for volume sales by hectolitre, but said this was unchanged from a year earlier, excluding the consolidation of new companies in Switzerland and New Zealand.

The flatness of sales was dne mainly to stagnant conditions in Europe, where demand was constrained by economic recession and inclement spring weather. Beer consumption fell in the Netherlands, Italy and France, but was higher in Spain and Greece.

Heinaken reported strong axports to long-establisbed markets such as the US, where turnover rose by 9 per cent, as wsll as to relatively newer markets such as China, wbere exports surged by 50 per cent.

The company is planning to step up its investment in Asia Pacific to benefit from tbe rapid expansion of the region's beer market. "We have several irons in the fire and we expect to be able to provide more information before the end of the year," Mr Karel Vnursteen, chairman, said.

Volvo finalising plans to cede part of Renault stake

By Alice Rawsthorn in Paris and Christopher Brown-Humes in Stockholm

Volvo, the Swedish motor group, is understood to be finalising plans to cede almost half its 20 per cent stake in Renault as a precursor to the French company's privatisation.

Renault, commenting on a report in yesterday's *Le Figaro* newspaper, confirmed it was approaching the end of talks with Volvo over the dismantling of their cross-shareholding agreement following the decision late last year by the Swedisb group's sbarebolders to block the merger of the two companies.

However, it said the final details of the deal had not been agreed, including how many Renault sbares Volvo would sell.

"We both want to find a way of ending what's left of the old agreement," Renault said "Discussions are continuing."

An amicable divorce from Volvo is seen as an essential component of the French government's plans to float a large part of its 80 per cent holding in the motor group.

If Renault is privatised before November 30 – which looks unlikely – Volvo has agreed to swap a 12 per cent stake in Renault for that company's 45 per ceot holding in Volvo Trucks.

If tbe privatisation takes place after that date, the Swedish company has the option of buying back the Volvo Trucks stake for FFr4.5bn ($830m) and disposing of its own Renault stake separately.

The French government is expected shortly to announce whether Renault or the Assurances Générales de France (AGF) insurance group will be the next candidate in its state asset sale programme. AGF's management has lobbied hard for a speedy privatisation. But the consensus among analysts is that Renault is likely to go first, provided the government can clarify the Volvo issue.

Many observers expect an announcement to be made over tbe next few days as Mr Edouard Balladur, prime minister, has just received the official valuations of Renault.

The motor group is believed to be worth between FFr40bn and FFr44bn but, given the fragile state of the Frencb stock market, the authorities would be expected to pitch the price of an eventual issue at the lower end of that range.

Volvo declined to comment on the Frencb press report. However, it noted that if Renault was valued at more than FFr37.5bn it would be more advantageous for it to sell its Renault shares separately than to agree to the fixed exchange.

Anglovaal industrial unit ahead

By Mark Suzman in Johannesburg

Anglovaal Industries, tha industrial arm of Anglovaal, the Soutb African mining bouse, increased attributabla profit for the year to June by 18 per cent to R407.1m ($110.6m) from R343.7m for the previous year.

Pre-tax profits rose 8 per cent to R763.8m from R704.4m, but an 8 per cent decrease in tax paid to R220.3m from R238.8m helped to lift bottom-line earnings. This was in spite of the inclusion of a one-off transitional levy of 5 per cent to help pay for April's elections.

Turnover rose 16 per cent to R9.67bn from R8.32bn, of which 5 per cent was the result of acquisitions. The dividend was increased to 230 cents from 195 cents. However, due to reduced cash resources and additional borrowings, net financing costs on the year ware R14.4m, a sharp reversal from the previous year's R18m in net interest income.

Mr Jan Robbertze, managing director, said trading had been negatively affected by the political uncertainty in the run-up to the election but conditions had improved significantly in May and June.

Mr Robbertze said certain of the group's holdings, which include Consol, plastics manufacturer; Irvin and Johnson, food processor and Grinaker, construction and electronics group, still had substantial idle capacity and suffered from pressure on margins.

Cray revamps production lines

By Louise Kehoe in San Francisco

Cray Research, the world's leading supercomputer company, plans to revamp its manufacturing operations to speed production. The initiative will cut 382 jobs, plus about 1,000 temporary lay-offs.

The company said yesterday it would temporarily suspend some production operations in Wisconsin to install new equipment and 1,000 workers would be idle for up to eight weeks.

Cray said it would take a charge in the fourth quarter of abont $8.5m, or 25 cents a share, to cover severance charges and costs for idle production.

Cray is facing competition from makers of massively parallel supercomputers that are less expensive than traditional supercompnters. IBM's entry into the market has increased competitive pressures on Cray.

Mr John Carlson, Cray chairman and chief executive, said the new manufacturing system would cut production time in half, to about 16 weeks, reduce inventories and cut costs.

"We ara retooling onr operations unit to serve tomorrow's market place and to grow," Mr Carlson said in a latter to employees. Tha actions are "unavoidable," he said. "Our customers bava choices today they didn't have just a few years ago.

"If we don't reduce the cost of our products to customers, they will simply do business with suppliers who can. We must grow; it is our only hope for a successful future."

Electrolux plans $50m investment in SE Asia

By Christopher Brown-Humes

Electrolux, the world's largest prodncer of household appliances, has underscored its naw focus on emerging markats with a $50m investment programma in the fast-growing south-east Asia region.

Mr Christer Forsström, senior vice-president, said: "Our objective is to be one of the top three suppliers of white goods in tha Asean region by the year 2000."

The programme, which will rely heavily on advertising to promote Electrolux brands, will begin in Thailand before being expanded to include Malaysia, Singapore and Indonesia.

It is in line with the group's target of doubling its Asian sales from SKr4.57bn ($585.9m) in 1993 over the next five years. Electrolux said there was an emerging class of educated, urbanised Asian consumers with rapidly rising disposable income which provided it with a big new sales opportunity.

It cited predictions that in Thailand alone, the number of urban households would leap from 3.9m in 1990 to 8.2m in the year 2000.

Tha company said it had already widened its distribntion network and it had spent the past two years adapting s wida range of products to meet Asian needs and tastes.

Electrolux said it expected annual demand growth in emerging markets, including south-east Asia, China and India, to be at least three times the 2 per cent level it forecast for its mature US and European markets.

Trading in BPA shares to reopen

By Peter Wise in Lisbon

Shares in Banco Português do Atlântico, Portugal's second largest bank, are to be readmitted to trading on the Lisbon stock exchange on Monday after a month's suspension following the announcement of a hostile bid by Banco Comercial Português, a smaller rival.

The securities exchange commission (CMVM) suspended the shares on August 10 after BCP's Es132bn ($39.04bn) offer for a controlling stake of 40 per cent of BPA.

BPA shares were last quoted at Es2,650, a gain of 31.8 per cent from July 26 when BCP bid Es3,000 a share. The CMVM said BCP could buy 1.65m shares, 1.5 per cent of BPA capital, at the offer price. But BCP will be allowed to purchase these shares only if the government authorises the offer. A decision is expected on Tuesday.

Groupe Bull widens US computer ventures

By Alice Rawsthorn

Groupe Bull, the troubled Frencb compnter company, yesterday announced plans to form strategic alliances with two US groups, Motorola and Tandem Computers, to prepare for privatisation.

Mr Thierry Breton, deputy chief executive, confirmed that Bull had concluded negotiations for a technological agreement with Motorola, the world leader in mobile communications technology, and was in advanced talks with Tandem, maker of fault-tolerant computers.

He said Bull was considering forging similar alliances with other partners, some of whom might take minority stakes in the group and participate in its privatisation. It is not thought that either of the US companies would take an equity stake in Bull.

The privatisation of Bull has been clonded by uncertainty due to its financial problems. However, Mr Jean-Marie Descarpentries, chairman, forecast Bull could return to the black at an operating level this year after halving its interim net loss to FFr843m ($157.27m) for the first half of 1994 from FFr1.98bn in the same period of 1993.

The French government has invited banks to tender to act as advisers on the sale of Bull and is expected in November to ask potential *noyaux durs*, or hard core shareholders, to step forward as tbe first stage towards selling its stake in a series of share sales.

Last week, a Franch satirical magazine alleged that Bull lost FFr1bn of computer sales in 1989 and 1990 through illegal trafficking by employees.

● Mr Alain Gomez, chairman of Thomson, tbe state-controlled electronics group, yesterday called on tha French government to recapitalise his company in preparation for the proposed merger of the Thomson-CSF defence electronics business with the Thomson holding company.

Mr Gomez said at a conference that a recapitalisation was essential if Thomson was to be privatised.

Australian pay-TV alliance to be disbanded

By Nikki Tait in Sydney

Australian Pay Television, the consortium of powerful media and telecommunication interests which was formed to pursue pay-TV opportunities in the country, is to be disbanded.

The consortium included Mr Rupert Murdoch's News Limited, Mr Kerry Packer's Nine Network, and Telecom, the state-owned telecommunications group.

The Ten network, whicb runs Australia's other commercial channel, withdrew from the grouping in July.

Yesterday, Mr Frank Blount, Telecom chief executive, said it had "become increasingly clear that the consortium, having failed to win a satellite licence, has not reached consensus on a business plan for alternative delivery for pay-TV services in Australia".

Pay-TV is not yet available to Australian households. However, Australis, holder of one of the satellite licences, has pledged to have a system ready this year.

COMMODITIES AND BOND PRICES

WEEK IN THE MARKETS

Economic confidence lifts metals

By Deborah Hargreaves and Kenneth Gooding

The global economic outlook has not been so favourable since the 1980s, said RTZ, the world's biggest mining group, this week. And metals prices are certainly reflecting this view. Commodity and investment funds are piling into the metals markets, often ignoring the fact that the fundamental outlook for some materials – zinc and nickel for example – is not that bright.

On the other hand, most analysts suggest that the present buoyancy in the aluminium and lead prices can be justified.

Aluminium's price reached a fresh three and a half-year peak of US$1,591 a tonne on the London Metal Exchange yesterday. Aluminium alloy, an LME contract launched two years ago to provide material mainly for the car manufacturers, reached a record level. Earlier in the week, lead moved to its highest price for two years.

Buyers moved in for aluminium yesterday after the LME reported another substantial fall in stocks: 17,000 tonnes. Mr Nick Moore, analyst at Ord Minnett, pointed out that this followed a drop of 104,000 tonnes in July, which was the biggest monthly fall since the LME started trading aluminium. But he warned that the market continued to rely on producers keeping to the output cuts made earlier this year and at present prices they were being severely tempted to restore production. Aluminium for delivery in three months closed last night on the LME at US$1,586.75 a tonne, up $22.25 compared with a week ago.

Lead, used mainly in batteries, also benefits from a healthy automotive market. Already lead is the best-performing LME metal since the world economic recovery began. Its price has risen by more than 70 per cent from the bottom of the trough in October last year from US$357 a tonne to $625 at one point this week.

Mr Wiktor Bielski, analyst at Bain & Co., pointed out that seasonal demand from the battery producers, who account for more than 70 per cent of lead demand, was helping tighten the market, as was a fall in exports from China, Russia and Kazakhstan.

Gold bulls had a good week. First, they pushed the price through tough technical resistance at US$390 a troy ounce and, after this gave way, moved on to press against the barrier at $392. Gold closed in London last night at $391.85, some $4.60 up from Friday's close last week.

Meanwhile, the coffee market had a volatile week with prices rising close to 8½ year highs set in July when Brazil's crop was damaged by frost.

The trigger for a surge in prices came on Wednesday from the Brazilian government which hinted that it was reviewing its policy of auctioning off government-held stocks. Brasilia has so far sold 2.7m bags by weekly auction in order to dampen domestic prices and inflation.

However, the policy has failed to push down internal prices and, with 5m bags of the stockpile still to sell, the government is expected to abandon its plans. The abandonment of the auction is likely to be bullish for the international coffee market as it will further restrict supply in an already tight market.

Prices reacted by surging to $4,060 a tonne on Wednesday, but traders felt the market had overreacted and prices dropped on Thursday to $3,920 a tonne before moving back to $3,955 by the close in London last night, $115 up from the close on Friday last week.

LME WAREHOUSE STOCKS
(As at Thursday's close)
tonnes

Aluminium	-17,050	to 2,413,350
Aluminium alloy	-140	to 26,720
Copper	+1,600	to 369,400
Lead	+50	to 364,775
Nickel	+834	to 140,868
Zinc	+2,225	to 1,236,950
Tin	+45	to 31,915

WEEKLY PRICE CHANGES

	Latest prices	Change on week	Year ago	1994 High	1994 Low
Gold per troy oz.	$391.85	+4.60	$349.85	$396.50	$369.50
Silver per troy oz	354.50p	+3.00	265.50p	384.50p	331.50p
Aluminium 99.7% (cash)	$1564.0	+24.5	$1120.5	$1564.00	$1107.60
Copper Grade A (cash)	$2481.5	-8.0	$1932.5	$2521.00	$1731.50
Lead (cash)	$609.0	+4.0	$384.5	$610.0	$428.0
Nickel (cash)	$6307.5	+62.5	$4572.6	$6490	$5210.0
Zinc SHG (cash)	$985.5	+22.0	$875.5	$1014	$900.5
Tin (cash)	$5347.5	-30.0	$4560.0	$5850.0	$4730.0
Cocoa Futures Dec	£1000	-6	£856	£1124	£859
Coffee Futures Nov	$3955	+130	$1298	$3955	$1175
Sugar (LDP Raw)	$306.7	+3.9	$242.5	$309.4	$252.9
Barley Futures Nov	£104.75	+0.10	£104.55	£105.50	£92.65
Wheat Futures Nov	£107.50	+1.25	£104.00	£117.50	£97.90
Cotton Outlook A Index	76.15c	+0.50	55.05c	67.10c	62.45c
Wool (64s Super)	466p	+9	319p	466p	342p
Oil (Brent Blend)	$16.415x	+0.235	$15.685	$18.61	$13.18

Per tonne unless otherwise stated. p Pence/kg. c Cents lb. x Oct

BASE METALS

LONDON METAL EXCHANGE
(Prices from Amalgamated Metal Trading)

■ ALUMINIUM, 99.7 PURITY ($ per tonne)

	Cash	3 mths
Close	1563.5-64.5	1586.5-87.0
Previous	1559-54	1576-78
High/low	1566	1591/1577
AM Official	1566-67	1590-91
Kerb close		1584-85
Open int.	276,483	
Total daily turnover	66,019	

■ ALUMINIUM ALLOY ($ per tonne)

	Cash	3 mths
Close	1577-82	1597-98
Previous	1560-70	1575-85
High/low		1598/1595
AM Official	1575-85	1595-99
Kerb close		1595-600
Open int.	2,945	
Total daily turnover	504	

■ LEAD ($ per tonne)

	Cash	3 mths
Close	608.5-9.5	620.5-21.5
Previous	600-1	614.5-15.0
High/low	609	621/609
AM Official	608.5-9.0	620.5-21.0
Kerb close		620-1
Open int.	41,122	
Total daily turnover	8,701	

■ NICKEL ($ per tonne)

	Cash	3 mths
Close	6305-10	6400-5
Previous	6265-75	6360-70
High/low		6440/6330
AM Official	6308-10	6400-402
Kerb close		6420-30
Open int.	53,630	
Total daily turnover	13,348	

■ TIN ($ per tonne)

	Cash	3 mths
Close	5345-50	5420-25
Previous	5320-30	5400-5
High/low		5430/5370
AM Official	5346-56	5420-30
Kerb close		5420-30
Open int.	17,161	
Total daily turnover	3,067	

■ ZINC, special high grade ($ per tonne)

	Cash	3 mths
Close	974-75	996-97
Previous	971-72	994.5-95.0
High/low		997/992
AM Official	971-71.5	994.5-95.0
Kerb close		995-6
Open int.	96,932	
Total daily turnover	18,149	

■ COPPER, grade A ($ per tonne)

	Cash	3 mths
Close	2481-82	2496-97
Previous	2473-74	2491-91.5
High/low	2486	2502/2482
AM Official	2485-86	2498-99
Kerb close		2494-95
Open int.	218,741	
Total daily turnover	44,424	

■ LME AM Official £/$ rate: 1.5408
LME Closing £/$ rate: 1.5520

Spot:1.5505 3 mths:1.5492 6 mths:1.5471 9 mths:1.5429

■ HIGH GRADE COPPER (COMEX)

	Close	Day's change	High	Low	Open int.	Vol
Sep	116.85	+1.65	118.00	117.70	4,295	1,088
Oct	115.85	-0.15	116.70	116.00	1,166	192
Nov	115.10	-0.20	-	-	658	8
Dec	114.85	+0.25	115.50	114.70	34,810	6,829
Jan	114.45	+0.25	-	-	539	8
Feb	114.05	+0.25	114.00	113.75	309	31
Total					61,982	8,249

PRECIOUS METALS

■ LONDON BULLION MARKET
(Prices supplied by N M Rothschild)

Gold (Troy oz.)	$ price	£ equiv.
Close	391.60-392.10	
Opening	389.50-389.90	
Morning fix	389.50	252.430
Afternoon fix	390.75	251.853
Day's High	391.90-392.40	
Day's Low	388.80-389.30	
Previous close	391.30-391.70	

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	4.34	6 months	4.54
2 months	4.35	12 months	4.91
3 months	4.38		

Silver Fix / Spot / 3 months / 6 months / 1 year / Gold Coins / Krugerrand / Maple Leaf / New Sovereign [illegible]

Precious Metals continued

■ GOLD COMEX (100 Troy oz.; $/troy oz.) [illegible]

■ PLATINUM NYMEX (50 Troy oz.; $/troy oz.) [illegible]

■ PALLADIUM NYMEX (100 Troy oz.; $/troy oz.) [illegible]

■ SILVER COMEX (100 Troy oz.; Cents/troy oz.) [illegible]

ENERGY

■ CRUDE OIL NYMEX (42,000 US galls. $/barrel) [illegible]

■ CRUDE OIL IPE ($/barrel) [illegible]

■ HEATING OIL NYMEX (42,000 US galls; c/US galls) [illegible]

■ GAS OIL IPE ($/tonne) [illegible]

■ NATURAL GAS NYMEX (10,000 mmBtu; $/mmBtu) [illegible]

■ UNLEADED GASOLINE NYMEX (42,000 US galls; c/US galls) [illegible]

GRAINS AND OIL SEEDS

■ WHEAT LCE (£ per tonne) [illegible]

■ WHEAT CBT (5,000bu min; cents/60lb bushel) [illegible]

■ MAIZE CBT (5,000 bu min; cents/56lb bushel) [illegible]

■ BARLEY LCE (£ per tonne) [illegible]

■ SOYABEANS CBT (5,000bu min; cents/60lb bushel) [illegible]

■ SOYABEAN OIL CBT (60,000lbs; cents/lb) [illegible]

■ SOYABEAN MEAL CBT (100 tons; $/ton) [illegible]

■ POTATOES LCE (£/tonne) [illegible]

■ FREIGHT (BIFFEX) LCE ($10/index point)

Apr	1530	+8	1530	1520	313	12
Jul	1381	-9	-	-	60	-
Total					2,328	145

	Close	Prev
BFI	1485	1480

SOFTS

■ COCOA LCE (£/tonne) [illegible]

■ COCOA CSCE (10 tonnes; $/tonnes) [illegible]

■ COCOA (ICCO) (SDR's/tonne) [illegible]

■ COFFEE LCE ($/tonne) [illegible]

■ COFFEE 'C' CSCE (37,500lbs; cents/lbs) [illegible]

■ COFFEE (ICO) (US cents/pound) [illegible]

■ No7 PREMIUM RAW SUGAR LCE (cents/lbs) [illegible]

■ WHITE SUGAR LCE ($/tonne) [illegible]

■ SUGAR '11' CSCE (112,000lbs; cents/lbs) [illegible]

■ COTTON NYCE (50,000lbs; cents/lbs) [illegible]

■ ORANGE JUICE NYCE (15,000lbs; cents/lbs)

Sep	84.00	+0.30	84.00	83.40	198	117
Nov	87.35	+0.80	87.75	85.00	11,457	4,301
Jan	91.10	+0.85	91.85	89.00	5,122	1,013
Mar	94.20	+0.50	95.55	93.00	3,512	718
May	99.00	+0.85	99.00	99.00	876	43
Jul	102.00	+0.85	100.50	100.50	498	1
Total					21,989	6,197

Spices
White pepper : Indonesia somewhat easier reports Man Production. Malaysia and China steady. Spot positions europe/usa tight. Muntok faq spot Rotterdam us$3200/mt, Sep/Oct Shipment us$3075/mt cif. Black pepper : market remained firm. Indonesia is withdrawn. As the re-introduction of the new 13 percent export tax was postponed, more sellers from brazil appeared. Prices for sarawak increased due to heavy demand from europe. Spot material in europe very scarce. Black faq: us$2100 spot Europe, us$2025 cif Sep/Oct shipment black asta: us$2300 spot, us$2200 cif Sep/Oct shipment. Nutmegs and mace: market steady. Indonesian sellers withdrawn, awaiting further price increases. Grenada is expected to come back with competitive prices shortly.

VOLUME DATA
Open Interest and Volume data shown for contracts traded on COMEX, NYMEX, CBT, NYCE, CME, CSCE and IPE Crude Oil are one day in arrears.

INDICES

■ REUTERS (Base: 18/9/31=100)

Sep 9	Sep 8	month ago	year ago
2092.5	2089.1	2073.1	1634.8

■ CRB Futures (Base: 1967=100)

Sep 8	Sep 7	month ago	year ago
232.89	234.23	229.70	214.87

MEAT AND LIVESTOCK

■ LIVE CATTLE CME (40,000lbs; cents/lbs) [illegible]

■ LIVE HOGS CME (40,000lbs; cents/lbs) [illegible]

■ PORK BELLIES CME (40,000lbs; cents/lbs)

Feb	42.725	+0.350	43.075	42.250	7,202	1,410
Mar	42.550	+0.200	42.900	42.250	443	77
May	43.700	+0.400	43.700	-	90	11
Jul	44.600	+0.375	44.600	43.950	133	16
Aug	43.500	+0.100	43.750	43.250	30	1
Total					7,898	1,523

LONDON TRADED OPTIONS

Strike price $ tonne — Calls — — Puts —

	Calls		Puts	
■ ALUMINIUM (99.7%) LME	Oct	Jan	Oct	Jan
1550	46	82	24	45
1575	33	69	36	56
1600	22	07	50	69
■ COPPER (Grade A) LME	Oct	Jan	Oct	Jan
2400	103	143	14	55
2500	41	89	52	99
2600	11	51	122	159
■ COFFEE LCE	Nov	Jan	Nov	Jan
3600	442	541	87	228
3650	407	512	102	249
3700	373	484	118	271
■ COCOA LCE	Dec	Mar	Dec	Mar
1000	49	96	48	03
1050	90	73	90	90
1100	16	56	110	123
■ BRENT CRUDE IPE	Oct	Nov	Oct	Nov
1600	39	-	2	27
1650	21	-	15	51
1700	2	42	-	-

LONDON SPOT MARKETS

■ CRUDE OIL FOB (per barrel/Oct) +or-

Dubai	$15.52-5.62t	-0.065
Brent Blend (dated)	$15.95-5.96	-0.025
Brent Blend (Oct)	$16.41-6.42	-0.025
W.T.I. (1pm est)	$17.68-7.72	+0.005

■ OIL PRODUCTS NWEprompt delivery CIF (tonne)

Premium Gasoline	$187-189	-0.5
Gas Oil	$156-157	+1
Heavy Fuel Oil	$71-72	
Naphtha	$181-183	+0.5
Jet fuel	$173-175	+2

Petroleum Argus assessments

■ OTHER

Gold (per troy oz)♣	$391.85	+0.35
Silver (per troy oz)♣	550.5c	+3.0
Platinum (per troy oz.)	$418.30	-0.85
Palladium (per troy oz.)	$162.25	-1.00
Copper (US prod.)	122.0c	+1.0
Lead (US prod.)	38.25c	
Tin (Kuala Lumpur)	13.43m	-0.02
Tin (New York)	249.5c	+2.0
Cattle (live weight)†©	118.02p	
Sheep (live weight)†♣©	88.33p	-0.32*
Pigs (live weight)©	76.34p	+0.86*
Lon. day sugar (raw)	$306.7	-2.2
Lon. day sugar (wte)	$344.0	
Tate & Lyle export	£311.0	-1.0
Barley (Eng. feed)	£107.0w	
Maize (US No3 Yellow)	$180.0	
Wheat (US Dark North)	£136.0	
Rubber (Oct)♥	87.00p	
Rubber (Nov)♥	88.00p	
Rubber KL RSS No1 Aug	313.00m	+1.0
Coconut Oil (Phil)§	$620.0z	-2.5
Palm Oil (Malay.)§	$607.5t	-12.5
Copra (Phil)§	$388.0	
Soyabeans (US)	£165.00u	
Cotton Outlook 'A' Index	76.15c	+1.00
Wooltops (64s Super)	466p	+9

£ per tonne unless otherwise stated. p pence/kg. c cents/lb. r ringgit/kg. m Malaysian cents/kg. u Nov. t Oct. z Sep/Oct. w Sep. ♥ London Physical. § CIF Rotterdam. ♣ Bullion market close. ♣ Sheep (Live weight prices). * Change on week. © Prices are for previous day.

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Day's change	Yield	Week ago	Month ago
Australia		8.000	09/04	86.9900	+1.290	9.47	8.44	9.58
Belgium		7.250	04/04	90.8000	-0.600	8.69	8.47	8.33
Canada *		6.500	06/04	83.7500	-0.600	8.05	8.76	9.04
Denmark		7.000	12/04	85.4500	-0.920	8.25	8.82	8.99
France	BTAN	8.000	05/98	101.7500	-0.250	7.33	7.24	7.15
	OAT	5.500	04/04	83.1700	-0.700	8.08	7.90	7.74
Germany Bund		6.750	07/04	94.3000	-0.940	7.59	7.35	7.22
Italy		8.500	04/04	79.0000	-1.300	12.29†	11.78	11.50
Japan	No 119	4.800	06/99	103.5850	+0.210	3.91	4.10	4.15
		4.100	12/03	97.4460	+0.380	4.49	4.73	4.65
Netherlands		5.750	01/04	88.9800	+0.690	7.42	7.35	7.23
Spain		8.000	05/04	-	-	-	11.03	11.08
UK Gilts		6.000	08/99	90-06	-18/32	8.47	8.36	8.43
		8.750	11/04	86-07	-51/32	8.82	8.59	8.62
		9.000	10/08	101-24	-53/32	8.78	8.52	8.67
US Treasury *		7.250	08/04	96-25	-33/32	7.42	7.21	7.28
		7.500	11/24	98-25	-20/32	7.60	7.50	7.59
ECU (French Govt)		6.000	04/04	83.3200	-0.520	8.51	8.39	8.28

London closing. *New York mid-day. Yields. Local market standard.
† Gross (including withholding tax at 12.5 per cent payable by nonresidents)
Prices. US, UK in 32nds, others in decimal. Source: MMS International

US INTEREST RATES

[illegible]

BOND FUTURES AND OPTIONS

France

■ NOTIONAL FRENCH BOND FUTURES (MATIF) [illegible]

■ LONG TERM FRENCH BOND OPTIONS (MATIF) [illegible]

Germany

■ NOTIONAL GERMAN BUND FUTURES (LIFFE) DM250,000 100ths of 100% [illegible]

■ BUND FUTURES OPTIONS (LIFFE) DM250,000 points of 100% [illegible]

■ NOTIONAL MEDIUM TERM GERMAN GOVT. BOND (BOBL)(LIFFE) DM250,000 100ths of 100% [illegible]

Italy

■ NOTIONAL ITALIAN GOVT. BOND (BTP) FUTURES (LIFFE) Lira 200m 100ths of 100% [illegible]

■ ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS (LIFFE) Lira200m 100ths of 100% [illegible]

Spain

■ NOTIONAL SPANISH BOND FUTURES (MEFF) [illegible]

UK

■ NOTIONAL UK GILT FUTURES (LIFFE) £50,000 32nds of 100% [illegible]

■ LONG GILT FUTURES OPTIONS (LIFFE) £50,000 64ths of 100%

Strike Price	Calls Dec	Calls Mar	Puts Dec	Puts Mar
99	2-14	2-49	2-02	3-13
100	1-45	2-21	2-33	3-49
101	1-17	1-61	3-05	4-25

Est. vol. total, Calls 1115 Puts 5240. Previous day's open int., Calls 26919 Puts 23363

Ecu

■ ECU BOND FUTURES (MATIF) [illegible]

US

■ US TREASURY BOND FUTURES (CBT) $100,000 32nds of 100%

	Open	Latest	Change	High	Low	Est. vol.	Open int.
Sep	102-10	101-08	-1-07	102-14	102-26	8,397	124,434
Dec	101-14	100-07	-1-07	101-18	99-31	215,223	312,632
Mar	100-29	99-10	-1-10	101-29	99-10	830	7,647

Japan

■ NOTIONAL LONG TERM JAPANESE GOVT. BOND FUTURES (LIFFE) Y100m 100ths of 100% [illegible]

FT-ACTUARIES FIXED INTEREST INDICES

[illegible]

FT FIXED INTEREST INDICES

[illegible]

GILT EDGED ACTIVITY INDICES

[illegible]

UK GILTS PRICES

[illegible]

Other Fixed Interest

[illegible]

ECONOMIC DIARY – FORWARD EVENTS

TODAY: Informal meeting of European Union foreign ministers in Germany. British Medical Association holds scientific meeting in Budapest (until Tuesday).

TOMORROW: State elections in Brandenburg and Saxony.

MONDAY: Producer price index numbers (August). Chile and Peru begin free trade talks. Mr Douglas Hurd, foreign secretary, visits Bangkok (until September 14). Quebec provincial election.

TUESDAY: Company liquidity (second quarter). Earnings of horticultural and agricultural workers (second quarter). New construction orders (July). Capital issues and redemptions (August). US CPI (August); real earnings (August); current account (second quarter). Start of 48-hour strike by signalmen.

WEDNESDAY: Retail prices index (August). Labour market statistics: unemployment and unfilled vacancies (August-provisional); average earnings indices (July-provisional); employment, hours, productivity and unit wage costs; industrial disputes. Labour force survey (March-May). US retail sales (August). European Union economic and social ministers meet in Brussels (until September 15). European Parliament in plenary session in Strasbourg. Arab League foreign ministers hold regular six-monthly conference in Cairo (until September 15). Launch of Chartered Insurance Institute certified status scheme for financial planning. Interim figures from English China Clays and Prudential Corporation.

THURSDAY: Machine tools (July). Retail sales (August). US business inventories (July). Ukrainian parliament opens new session. Mr Hurd visits Hong Kong (until September 16). Bundesbank council meets. Interims from Booker, Legal and General Group, Royal Dutch, Shell Transport and United Biscuits.

FRIDAY: Usable steel production (August). Public sector borrowing requirement (August). US industrial production and capacity utilisation (August). International broadcasting convention opens in Amsterdam (until September 20).

CURRENCIES AND MONEY

MARKETS REPORT

Dollar tumbles

The dollar fell over two pfennigs on foreign exchanges yesterday as August PPI figures in the US renewed market worries about inflation, *writes Philip Gawith.*

The 0.6 per cent rise in producer inflation, the largest rise since October 1990, was worse than market expectations. The dollar was sold on fears that US interest rates would have to rise again, probably causing a fall in US asset prices.

The dollar fell from DM1.5620 before the figures to a low of DM1.5345 during New York trading. Against the yen it was more stable, closing at Y99.26 compared to a high before the figures of Y99.62.

Sterling finished higher against the weaker dollar, closing at $1.5509, up from $1.54 before the figures. It lost 1¼ pfennigs against the stronger *D-Mark, closing at DM2.3914*

The D-Mark was generally firmer in Europe after the news, finishing against the lira at L1,019 from L1,016.

■ The market's sharp reaction was partly explained by the fact that it had spent most of the week waiting for the figure.

Mr David Cocker, economist at Chemical Bank in London, *commented:* "*It brings back to* the attention of the market whether the Fed is tightening quickly enough to combat inflationary pressures."

■ Pound in New York

Sep 8	Latest	Prev. close
£ spot	1.5505	1.5445
1 mth	1.5502	1.5443
3 mth	1.5490	1.5412
1 yr	1.6387	1.5321

It also renewed attention, he said, on the question of relations between the White House and the Fed. Clearly President Clinton does not want rates to be raised before important mid-term congressional elections in November.

When the Fed raised the discount rate on August 16, by 50 basis points to 4 per cent, analysts took the Fed's comments at the time to mean that rates would not need to be raised at least until November.

Should, however, the market *take the PPI, and other indicators,* to suggest that earlier action from the Fed is required, the dollar could be heavily sold if political constraints are seen as preventing this course. The next FOMC meeting is on September 27.

■ Concern about the outlook for US rates spilled over into UK and European markets with all maturities losing ground. Short sterling suffered a sharp correction after the large gains on Thursday.

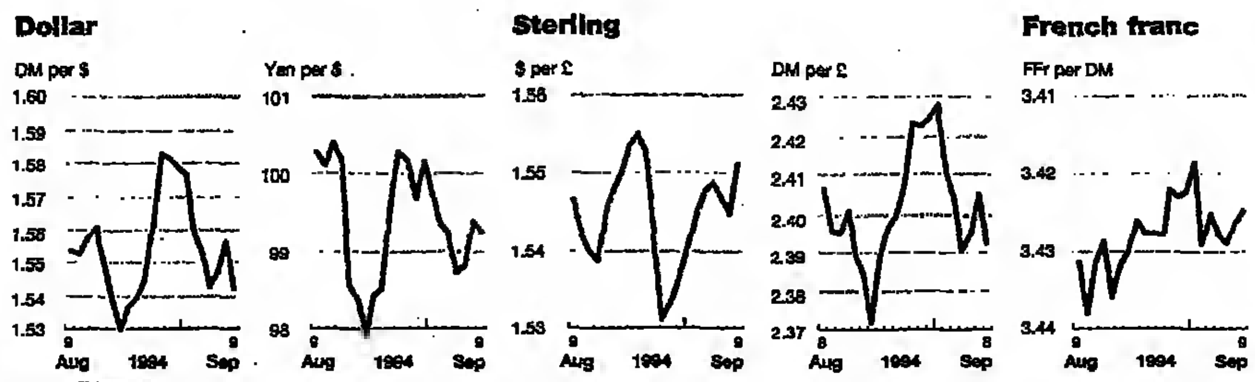
Although there seems little *prospect of UK rates rising* soon, interest rate markets will find it difficult to flourish so long as US bonds remain under a cloud.

The December short sterling contract lost six basis points to close at 93.67. The equivalent euromark contract fell by five basis points to finish at 94.80.

In the UK money markets, three month sterling LIBOR was unchanged at 5$\frac{11}{16}$ per cent. In its daily operations the Bank of England provided UK money markets with £246m assistance at established rates, and £85m *late assistance, after* forecasting a £400m shortage.

■ Elsewhere, trading in the Swedish krona was volatile, ranging between SKr4.9255 and SKr4.8910 against the D-Mark. Early weakness flowed from rating agency Moody's expressing concern about the speed of debt accumulation.

In Germany Mr Hans Tietmeyer, the Bundesbank president, said the growth of German M3 – down to an annualised rate of 9.8 per cent in July, from 20 per cent earlier *in the year – had slack*ened, but was still too high.



Source: FT Graphite

■ OTHER CURRENCIES

Sep 9	£	$
Hungary	165.205 - 165.446	106.550 - 106.650
Iran	2708.00 - 2711.00	1748.00 - 1750.00
Kuwait	0.4613 - 0.4623	0.2975 - 0.2980
Poland	35683.2 - 35717.1	23014.0 - 23024.0
Russia	3500.38 - 3500.74	2257.00 - 2260.00
U.A.E.	5.6940 - 5.7055	3.6715 - 3.6735

POUND SPOT FORWARD AGAINST THE POUND

Sep 8		Closing mid-point	Change on day	Bid/offer spread	Day's Mid high	low	One month Rate	%PA	Three months Rate	%PA	One year Rate	%PA	Bank of Eng. Index
Europe													
Austria	(Sch)	16.8312	-0.0861	229 - 394	16.9369	16.8225	16.8268	0.3	16.815	0.4	-	-	115.5
Belgium	(BFr)	49.2582	-0.2921	237 - 926	49.5590	49.2230	49.2582	0.0	49.2432	0.1	49.1332	0.3	116.9
Denmark	(DKr)	9.4570	-0.0567	503 - 637	9.5262	9.4500	9.4658	-1.1	9.4868	-1.3	9.5437	-0.9	116.6
Finland	(FM)	7.7570	-0.0493	486 - 653	7.8270	7.7450	-	-	-	-	-	-	84.3
France	(FFr)	8.1938	-0.0484	893 - 982	8.2479	8.1615	8.197	-0.5	8.1992	-0.3	8.1717	0.3	110.6
Germany	(DM)	2.3914	-0.0137	901 - 926	2.4081	2.3877	2.3914	0.0	2.3895	0.3	2.3646	1.1	128.9
Greece	(Dr)	364.229	-2.12	902 - 556	366.510	363.900	-	-	-	-	-	-	-
Ireland	(I£)	1.0128	-0.0012	121 - 135	1.0148	1.0081	1.0131	-0.4	1.0143	-0.6	1.0194	-0.7	104.1
Italy	(L)	2457.94	-6.35	669 - 918	2456.39	2436.19	2444.64	-3.3	2468.74	-3.4	2528.54	-3.7	74.9
Luxembourg	(LFr)	49.2582	-0.2921	237 - 926	49.5590	49.2230	49.2582	0.0	49.2432	0.1	49.1332	0.3	116.9
Netherlands	(Fl)	2.6815	-0.0158	793 - 837	2.7016	2.6785	2.6816	-0.1	2.6795	0.3	2.652	1.1	121.3
Norway	(NKr)	10.5198	-0.0556	155 - 240	10.6028	10.5077	10.5193	0.1	10.5225	-0.1	10.5259	-0.1	88.3
Portugal	(Es)	244.035	-1.161	894 - 175	245.341	243.537	245.765	-8.5	248.945	-8.0	-	-	-
Spain	(Pta)	199.059	-0.992	852 - 265	200.102	198.841	199.504	-2.7	200.344	-2.6	203.434	-2.2	88.1
Sweden	(SKr)	11.7237	-0.0611	148 - 325	11.8808	11.7045	11.7492	-2.8	11.8022	-2.7	12.0482	-2.8	74.5
Switzerland	(SFr)	1.9946	-0.0189	936 - 959	2.0149	1.9923	1.9931	1.0	1.9887	1.2	1.9592	1.8	123.0
UK	(£)	-	-	-	-	-	-	-	-	-	-	-	78.6
Ecu	-	1.2560	-0.0064	552 - 568	1.2631	1.2545	1.2567	-0.7	1.2578	-0.5	1.2573	-0.1	-
SDR†	-	0.944859	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	1.5504	+0.0068	499 - 508	1.5515	1.5395	-	-	-	-	-	-	-
Brazil	(R)	1.3493	-0.0089	474 - 612	1.3577	1.3470	-	-	-	-	-	-	-
Canada	(C$)	2.1236	+0.0061	228 - 245	2.1252	2.1113	2.123	0.3	2.1215	0.4	2.1125	0.5	88.4
Mexico	(New Peso)	5.2785	+0.0283	733 - 937	5.2843	5.2601	-	-	-	-	-	-	-
USA	($)	1.5509	+0.0054	505 - 513	1.5514	1.5403	1.5507	0.2	1.5495	0.4	1.5386	0.8	62.5
Pacific/Middle East/Africa													
Australia	(A$)	2.0822	+0.0059	809 - 834	2.0837	2.0656	2.0821	0.0	2.0835	-0.2	2.1017	-0.8	-
Hong Kong	(HK$)	11.9842	-0.0422	807 - 877	11.9885	11.9031	11.9803	0.4	11.9792	0.2	11.9862	0.0	-
India	(Rs)	48.6658	+0.1729	392 - 720	48.6770	48.3270	-	-	-	-	-	-	-
Japan	(Y)	153.951	+0.339	872 - 029	154.280	153.150	153.641	2.4	152.808	3.0	148.191	2.7	188.6
Malaysia	(M$)	3.9649	+0.0124	631 - 667	3.9668	3.9409	-	-	-	-	-	-	-
New Zealand	(NZ$)	2.5667	+0.012	649 - 684	2.5685	2.5489	2.5706	-1.8	2.5784	-1.8	2.6007	-1.3	-
Philippines	(Peso)	40.7888	+0.1434	456 - 319	41.0322	40.5370	-	-	-	-	-	-	-
Saudi Arabia	(SR)	5.8163	+0.0206	144 - 182	5.8188	5.7768	-	-	-	-	-	-	-
Singapore	(S$)	2.3221	+0.0046	211 - 231	2.3238	2.3079	-	-	-	-	-	-	-
S Africa (Com.)	(R)	5.5177	+0.0147	161 - 203	5.5223	5.4815	-	-	-	-	-	-	-
S Africa (Fin.)	(R)	6.9946	+0.0138	773 - 119	7.0200	6.8400	-	-	-	-	-	-	-
South Korea	(Won)	1241.27	+3.29	087 - 166	1241.69	1232.86	-	-	-	-	-	-	-
Taiwan	(T$)	40.6301	+0.1547	169 - 433	40.6445	40.3551	-	-	-	-	-	-	-
Thailand	(Bt)	38.7182	+0.0874	927 - 437	38.7480	38.5080	-	-	-	-	-	-	-

†SDR rates for Sep 8. Bid/offer spreads in the Pound Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Sterling index calculated by the Bank of England. Base average 1985 = 100. Bid, Offer and Mid-rates in both this and the Dollar Spot tables derived from THE WM/REUTERS CLOSING SPOT RATES. Some values are rounded by the F.T.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Sep 9		Closing mid-point	Change on day	Bid/offer spread	Day's mid high	low	One month Rate	%PA	Three months Rate	%PA	One year Rate	%PA	J.P Morgan index
Europe													
Austria	(Sch)	10.8525	-0.1005	500 - 550	10.9930	10.8500	10.8525	0.0	10.8523	0.0	10.7775	0.7	104.4
Belgium	(BFr)	31.7610	-0.301	470 - 750	32.1550	31.7350	31.7885	-0.3	31.801	-0.5	31.936	-0.8	106.0
Denmark	(DKr)	6.0976	-0.0596	950 - 005	6.1751	6.0950	6.1043	-1.3	6.1226	-1.8	6.2041	-1.7	104.8
Finland	(FM)	5.0016	-0.0495	975 - 057	5.0728	4.9236	5.0016	0.0	5.0081	-0.5	5.0666	-1.3	78.7
France	(FFr)	5.2832	-0.05	817 - 847	5.3500	5.2780	5.2859	-0.6	5.2917	-0.6	5.2547	0.5	106.4
Germany	(D)	1.5419	-0.0143	415 - 423	1.5623	1.5401	1.5421	-0.2	1.5421	-0.1	1.5369	0.3	107.2
Greece	(Dr)	234.850	-2.2	700 - 000	237.800	234.700	235.16	-1.5	236.81	-1.8	238.875	-1.6	69.1
Ireland	(I£)	1.5313	+0.0071	306 - 320	1.5350	1.5303	1.5307	0.5	1.5278	0.9	1.5093	1.4	-
Italy	(L)	1571.95	-9.85	155 - 235	1581.00	1570.18	1576.5	-3.5	1586.85	-3.8	1643.95	-4.6	75.5
Luxembourg	(LFr)	31.7610	-0.301	470 - 750	32.1550	31.7350	31.7885	-0.3	31.801	-0.5	31.936	-0.6	106.0
Netherlands	(Fl)	1.7290	-0.0163	280 - 300	1.7515	1.7275	1.7291	-0.1	1.7293	-0.1	1.7238	0.3	105.6
Norway	(NKr)	6.7830	-0.0599	820 - 840	6.8668	6.7785	6.787	-0.7	6.8065	-1.4	6.878	-1.4	96.2
Portugal	(Es)	157.350	-1.3	300 - 400	158.900	157.070	158.1	-5.7	159.69	-5.9	165.475	-5.2	95.5
Spain	(Pta)	128.350	-1.085	250 - 450	129.700	128.350	128.655	-2.8	129.305	-3.0	132.25	-3.0	80.8
Sweden	(SKr)	7.5593	-0.0792	555 - 630	7.6973	7.5545	7.5758	-2.6	7.6173	-3.1	7.8316	-3.6	79.3
Switzerland	(SFr)	1.2862	-0.0188	858 - 866	1.3060	1.2845	1.2853	0.8	1.2835	0.8	1.2735	1.0	107.7
UK	(£)	1.5509	+0.0054	505 - 513	1.5514	1.5403	1.5507	0.2	1.5495	0.4	1.5386	0.8	87.0
Ecu	-	1.2348	+0.0105	343 - 353	1.2360	1.2201	1.2339	0.9	1.2321	0.8	1.2238	0.8	-
SDR†	-	1.48028	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	0.9997	+0.0002	996 - 997	0.9997	0.9995	-	-	-	-	-	-	-
Brazil	(R)	0.8700	-0.0085	690 - 710	0.8790	0.8690	-	-	-	-	-	-	-
Canada	(C$)	1.3693	+0.0004	690 - 695	1.3715	1.3680	1.3699	-0.5	1.372	-0.5	1.3876	-1.3	83.1
Mexico	(New Peso)	3.4035	+0.005	010 - 060	3.4060	3.4010	3.4045	-0.4	3.4013	-0.3	3.4137	-0.3	-
USA	($)	-	-	-	-	-	-	-	-	-	-	-	96.7
Pacific/Middle East/Africa													
Australia	(A$)	1.3426	-0.0009	421 - 430	1.3430	1.3405	1.3429	-0.2	1.3436	-0.3	1.3516	-0.6	88.0
Hong Kong	(HK$)	7.7273	+0.0001	270 - 275	7.7277	7.7270	7.727	0.0	7.7279	0.0	7.7427	-0.2	-
India	(Rs)	31.3725	+0.0012	700 - 750	31.3750	31.3700	31.4575	-3.3	31.6025	-2.9	-	-	-
Japan	(Y)	99.2650	-0.135	400 - 900	99.6400	99.1000	99.075	2.3	98.615	2.8	96.435	3.0	149.6
Malaysia	(M$)	2.5565	-0.001	560 - 570	2.5800	2.5558	2.5473	4.3	2.536	3.2	2.6105	-2.1	-
New Zealand	(NZ$)	1.6550	+0.002	543 - 558	1.6558	1.6534	1.658	-0.7	1.6578	-0.7	1.6611	-0.5	-
Philippines	(Peso)	26.3000	-	500 - 500	26.4500	26.1500	-	-	-	-	-	-	-
Saudi Arabia	(SR)	3.7503	+0.0001	500 - 505	3.7505	3.7500	3.7618	-0.4	3.7557	-0.6	3.7742	-0.8	-
Singapore	(S$)	1.4973	-0.0022	970 - 975	1.5005	1.4965	1.4959	1.1	1.494	0.9	1.4895	0.7	-
S Africa (Com.)	(R)	3.5578	-0.003	570 - 585	3.5695	3.5560	3.5733	-5.2	2.6016	-4.6	3.6813	-3.4	-
S Africa (Fin.)	(R)	4.5100	-0.007	000 - 200	4.5200	4.5000	4.5437	-9.0	4.6026	-8.2	-	-	-
South Korea	(Won)	800.350	-0.7	300 - 400	801.100	800.300	803.35	-4.5	806.85	-3.2	828.05	-3.1	-
Taiwan	(T$)	26.1978	+0.0078	960 - 995	26.2020	26.1960	26.2178	-0.8	26.2578	-0.9	-	-	-
Thailand	(Bt)	24.9650	-0.025	550 - 750	24.9960	24.9550	25.0375	-3.5	25.165	-3.2	25.87	-2.7	-

†SDR rate for Sep 8. Bid/offer spreads in the Dollar Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. UK, Ireland & ECU are quoted in US currency. J.P. Morgan nominal indices Sep 8 Base average 1990=100

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

Sep 9		BFr	DKr	FFr	DM	I£	L	Fl	NKr	Es	Pta	SKr	SFr	£	C$	$	Y	Ecu
Belgium	(BFr)	100	19.20	16.64	4.855	2.056	4948	5.444	21.34	495.4	404.1	23.80	4.049	2.030	4.311	3.149	312.5	2.550
Denmark	(DKr)	52.08	10	8.663	2.528	1.070	2577	2.836	11.11	258.0	210.4	12.39	2.108	1.057	2.245	1.640	162.7	1.328
France	(FFr)	60.11	11.54	10	2.918	1.236	2974	3.272	12.83	297.8	242.9	14.30	2.434	1.221	2.591	1.893	187.8	1.533
Germany	(DM)	20.60	3.955	3.427	1	0.423	1018	1.121	4.398	102.0	83.23	4.902	0.834	0.418	0.888	0.649	64.37	0.525
Ireland	(I£)	48.67	9.346	8.096	2.363	1	2408	2.649	10.39	241.1	196.8	11.58	1.970	0.988	2.098	1.533	152.1	1.241
Italy	(L)	2.021	0.388	0.336	0.098	0.042	100.	0.110	0.431	10.01	8.166	0.481	0.082	0.041	0.087	0.064	6.315	0.052
Netherlands	(Fl)	18.37	3.527	3.056	0.892	0.377	909.0	1	3.920	91.01	74.23	4.372	0.744	0.373	0.792	0.579	57.40	0.468
Norway	(NKr)	46.86	8.998	7.795	2.275	0.963	2318	2.551	10	232.2	189.3	11.16	1.897	0.951	2.020	1.476	146.4	1.195
Portugal	(Es)	20.18	3.876	3.358	0.980	0.415	998.8	1.099	4.307	100.	81.56	4.803	0.817	0.410	0.870	0.636	63.07	0.515
Spain	(Pta)	24.75	4.752	4.117	1.202	0.509	1225	1.347	5.281	122.6	100.	5.889	1.002	0.503	1.067	0.779	77.34	0.631
Sweden	(SKr)	42.02	8.069	6.991	2.040	0.863	2079	2.288	8.968	208.2	169.8	10	1.701	0.853	1.811	1.323	131.3	1.072
Switzerland	(SFr)	24.70	4.745	4.109	1.199	0.505	1222	1.345	5.271	122.4	99.80	5.878	1	0.502	1.065	0.776	77.18	0.630
UK	(£)	49.25	9.457	8.193	2.391	1.012	2437	2.681	10.51	244.0	199.0	11.72	1.994	1	2.123	1.551	153.9	1.256
Canada	(C$)	23.20	4.456	3.859	1.126	0.477	1148	1.263	4.951	114.9	93.74	5.520	0.939	0.471	1	0.731	72.49	0.592
US	($)	31.75	6.097	5.282	1.542	0.652	1571	1.729	6.776	157.3	128.3	7.556	1.286	0.645	1.368	1	99.23	0.810
Japan	(Y)	32.00	6.145	5.324	1.554	0.659	1583	1.742	6.829	158.5	129.3	7.616	1.296	0.650	1.379	1.008	100.	0.816
Ecu		39.21	7.529	6.523	1.904	0.806	1940	2.135	8.368	194.3	158.4	9.331	1.588	0.796	1.690	1.235	122.5	1

Danish Kroner, French Franc, Norwegian Kroner, and Swedish Kronor per 10; Belgian Franc, Yen, Escudo, Lira and Peseta per 100.

EMS EUROPEAN CURRENCY UNIT RATES

Sep 9	Ecu cen. rates	Rate against Ecu	Change on day	% +/- from cen. rate	% spread v weakest	Div. ind.
Netherlands	2.19672	2.14405	+0.00089	-2.40	5.56	-
Belgium	40.2123	39.3821	+0.0168	-2.06	5.18	15
Germany	1.94964	1.91263	+0.00105	-1.90	5.02	-
Ireland	0.808628	0.805690	-0.001552	-0.36	3.40	2
France	6.53883	6.55277	+0.00151	0.21	2.80	-2
Portugal	192.854	194.948	+0.161	1.09	1.92	-7
Denmark	7.43679	7.56234	+0.00105	1.69	1.31	-12
Spain	154.250	158.912	-0.214	3.02	0.00	-21
NON ERM MEMBERS						
Greece	264.513	291.150	+0.142	10.06	-6.41	-
Italy	1793.19	1944.99	+0.74	8.47	-5.02	-
UK	0.786749	0.794751	-0.001941	1.02	1.99	-

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
(17/9/92) Sterling and Italian Lira suspended from ERM. Adjustment calculated by the Financial Times.

■ D-MARK FUTURES (IMM) DM 125,000 per DM

	Open	Latest	Change	High	Low	Est. vol	Open int.
Sep	0.6421	0.6488	+0.0058	0.6493	0.6402	44,862	92,806
Dec	0.6420	0.6488	+0.0060	0.6493	0.6402	16,186	34,631
Mar	0.6445	0.6500	+0.0063	0.6500	0.6445	235	2,976

■ JAPANESE YEN FUTURES (IMM) Yen 12.5 per Yen 100

	Open	Latest	Change	High	Low	Est. vol	Open int.
Sep	1.0050	1.0085	+0.0037	1.0097	1.0048	20,095	55,060
Dec	1.0129	1.0161	+0.0037	1.0165	1.0108	3,934	16,245
Mar	-	1.0196	-	-	-	110	1,854

■ PHILADELPHIA SE £/$ OPTIONS £31,250 (cents per pound)

Strike Price	CALLS Sep	Oct	Nov	PUTS Sep	Oct	Nov
1.460	9.90	9.85	9.84	-	-	0.03
1.475	7.45	7.48	7.52	-	-	0.13
1.500	4.96	5.10	5.35	-	0.11	0.44
1.525	2.57	3.00	3.47	0.01	0.60	1.04
1.550	0.61	1.45	2.05	0.52	1.39	2.05
1.575	0.02	0.55	1.08	2.40	2.93	3.50

Previous day's vol., Calls 6,608 Puts 3,563. Prev. day's open int., Calls 807,420 Puts 443,659

■ SWISS FRANC FUTURES (IMM) SFr 125,000 per SFr

	Open	Latest	Change	High	Low	Est. vol	Open int.
Sep	0.7684	0.7760	+0.0094	0.7780	0.7662	18,260	33,307
Dec	0.7695	0.7800	-0.0086	0.7808	0.7676	4,718	12,393
Mar	0.7790	0.7814	+0.0083	0.7814	0.7790	16	119

■ STERLING FUTURES (IMM) £62,500 per £

	Open	Latest	Change	High	Low	Est. vol	Open int.
Sep	1.5430	1.5512	+0.0058	1.5520	1.5404	10,353	33,491
Dec	1.5420	1.5506	+0.0072	1.5510	1.5390	4,722	7,789
Mar	1.5380	1.5470	-	1.5470	1.5380	1	183

WORLD INTEREST RATES

MONEY RATES

September 9	Over night	One month	Three mths	Six mths	One year	Lomb. inter.	Dis. rate	Repo rate
Belgium	4⅞	5⅛	5½	5⅞	6⅛	7.40	4.50	-
week ago	4⅞	5⅛	5⅝	5⅞	5⅞	7.40	4.50	-
France	5⅛	5¾	5⅝	5$\frac{15}{16}$	6⅜	5.00	-	6.75
week ago	5⅛	5¾	6⅛	5$\frac{15}{16}$	6⅜	5.00	-	6.75
Germany	4.90	4.95	4.95	5.10	6.45	6.00	4.50	4.85
week ago	4.90	4.95	4.95	5.02	6.33	6.00	4.50	4.85
Ireland	4⅛	5½	6⅛	8⅛	7⅜	-	-	6.25
week ago	4⅞	5½	6⅛	8⅛	7⅜	-	-	6.25
Italy	8½	8⅝	8¾	9⅛	10⅜	-	7.50	8.45
week ago	8½	8⅝	8¾	8⅞	10⅛	-	7.50	8.45
Netherlands	4.84	4.97	5.02	5.15	5.49	-	5.25	-
week ago	4.84	4.97	4.99	5.11	5.42	-	5.25	-
Switzerland	3⅞	4	4⅛	4⅜	4⅝	6.625	3.50	-
week ago	3⅝	4	4⅛	4½	4⅞	6.625	3.50	-
US	4⅞	4⅞	4⅞	5¼	5⅞	-	4.00	-
week ago	4⅞	4⅞	4$\frac{15}{16}$	5⅛	5⅞	-	4.00	-
Japan	2⅛	2½	2⅜	2⅛	2⅞	-	1.75	-
week ago	2⅛	2½	2⅜	2⅛	2⅞	-	1.75	-
■ $ LIBOR FT London								
Interbank Fixing	-	4⅞	5	5⅜	6⅜	-	-	-
week ago	-	4⅞	5	5⅜	6⅜	-	-	-
US Dollar CDs	-	4.65	4.83	5.12	5.67	-	-	-
week ago	-	4.65	4.80	5.07	5.58	-	-	-
SDR Linked Ds	-	3⅛	3⅜	3¾	4	-	-	-
week ago	-	3½	3⅜	3¾	4	-	-	-

ECU Linked Ds mid rates: 1 mth: 5⅜; 3 mths: 5⅝; 6 mths: 6⅛; 1 year: 6⅝. $ LIBOR interbank fixing rates are offered rates for $10m quoted to the market by four reference banks at 11am each working day. The banks are: Bankers Trust, Bank of Tokyo, Barclays and National Westminster.
Mid rates are shown for the domestic Money Rates, US $ CDs and SDR Linked Deposits (Ds).

EURO CURRENCY INTEREST RATES

Sep 8	Short term	7 days notice	One month	Three months	Six months	One year
Belgian Franc	4$\frac{13}{16}$ - 4$\frac{11}{16}$	5 - 4⅞	5⅛ - 5	5$\frac{7}{16}$ - 5$\frac{5}{16}$	5⅞ - 5¾	6$\frac{7}{16}$ - 6$\frac{5}{16}$
Danish Krone	5¾ - 5⅜	5¾ - 6⅞	6⅝ - 5¼	6⅝ - 6⅞	7⅜ - 7⅛	7$\frac{11}{16}$ - 7$\frac{7}{16}$
D-Mark	4$\frac{13}{16}$ - 4$\frac{11}{16}$	4$\frac{15}{16}$ - 4$\frac{13}{16}$	5 - 4⅞	5 - 4⅞	5⅜ - 5¼	5⅝ - 5$\frac{7}{16}$
Dutch Guilder	5 - 4⅞	5 - 4⅞	5$\frac{7}{16}$ - 5$\frac{5}{16}$	5⅝ - 5½	5⅞ - 5½	6⅜ - 6¼
French Franc	6⅜ - 5¼	5⅞ - 6¼	10⅞ - 10½	11⅛ - 10$\frac{13}{16}$	11¼ - 10⅞	11½ - 11
Portuguese Esc.	12⅛ - 11⅞	9⅞ - 9⅝	7$\frac{11}{16}$ - 7½	8 - 7$\frac{13}{16}$	8⅜ - 8$\frac{1}{16}$	8 - 8$\frac{13}{16}$
Spanish Peseta	7$\frac{7}{16}$ - 7¼	7$\frac{7}{16}$ - 7⅜	5 - 4$\frac{13}{16}$	5$\frac{13}{16}$ - 5$\frac{11}{16}$	5⅞ - 6¾	6¾ - 6$\frac{11}{16}$
Sterling	4⅞ - 4⅛	4$\frac{13}{16}$ - 4$\frac{11}{16}$	4⅛ - 3$\frac{13}{16}$	4⅜ - 4⅛	4⅞ - 4$\frac{5}{16}$	4⅜ - 4⅝
Swiss Franc	3¾ - 3½	3⅞ - 3¾	5$\frac{7}{16}$ - 5$\frac{5}{16}$	5¾ - 5⅝	6⅜ - 6¼	7¼ - 7⅛
Can. Dollar	5⅛ - 4$\frac{15}{16}$	5¼ - 5$\frac{1}{16}$	5 - 4⅞	6 - 4⅞	5⅜ - 5$\frac{5}{16}$	5$\frac{13}{16}$ - 5$\frac{11}{16}$
US Dollar	4⅞ - 4⅝	4$\frac{13}{16}$ - 4$\frac{11}{16}$	6⅛ - 6	6⅝ - 8⅛	9⅜ - 9$\frac{7}{16}$	10⅝ - 10½
Italian Lira	8 - 7½	6¼ - 6	2⅜ - 2½	2$\frac{13}{16}$ - 2$\frac{11}{16}$	2½ - 2$\frac{7}{16}$	2¾ - 2$\frac{11}{16}$
Yen	2$\frac{5}{16}$ - 2⅛	2⅜ - 2⅛	4$\frac{7}{16}$ - 4$\frac{5}{16}$	4¾ - 4⅝	5$\frac{7}{16}$ - 5$\frac{5}{16}$	5$\frac{13}{16}$ - 5$\frac{11}{16}$
Asian $Sing	3⅞ - 3¾	3⅞ - 3¾				

Short term rates are call for the US Dollar and Yen, others: two days' notice.

■ THREE MONTH PIBOR FUTURES (MATIF) Paris interbank offered rate

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep	94.37	94.37	-	94.38	94.35	8,572	42,118
Dec	93.93	93.88	-0.04	93.95	93.87	21,853	45,173
Mar	93.52	93.45	-0.09	93.54	93.46	6,121	29,093
Jun	93.21	93.11	-0.07	93.21	93.10	3,749	29,011

■ THREE MONTH EURODOLLAR (LIFFE)* $1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep	94.85	94.94	-0.04	94.86	94.85	50	2809
Dec		94.26	-0.08			0	2003
Mar		93.90	-0.11			0	1436
Jun		93.53	-0.14			0	334

■ THREE MONTH EUROMARK FUTURES (LIFFE)* DM1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep	95.00	94.98	-0.02	95.00	94.97	7209	130864
Dec	94.84	94.80	-0.05	94.88	94.79	31618	170092
Mar	94.48	94.42	-0.07	94.49	94.40	27031	162479
Jun	94.13	94.04	-0.10	94.14	94.03	20669	104617

■ THREE MONTH EUROLIRA INT. RATE FUTURES (LIFFE) L1000m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep	91.04	91.07	-0.04	91.11	91.04	932	19229
Dec	89.76	89.70	-0.12	89.82	89.68	8131	32655
Mar	89.12	89.00	-0.16	89.15	88.99	4015	18135
Jun	88.69	88.60	-0.16	88.74	88.60	998	14150

■ THREE MONTH EURO SWISS FRANC FUTURES (LIFFE) SFr1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep	95.79	95.82	+0.03	95.85	95.76	2148	15438
Dec	95.42	95.40	-	95.45	95.39	6452	18291
Mar	95.13	95.08	-0.02	95.13	95.06	919	11925
Jun	94.81	94.78	-0.02	94.85	94.77	904	8265

■ THREE MONTH ECU FUTURES (LIFFE) Ecu1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep	94.07	94.08	-0.03	94.09	94.05	812	8568
Dec	93.50	93.48	-0.05	93.52	93.45	1251	6590
Mar	93.03	92.98	-0.07	93.04	92.98	804	4284
Jun	92.62	92.58	-0.07	92.62	92.58	86	1740

* LIFFE futures traded on APT

■ THREE MONTH EURODOLLAR (IMM) $1m points of 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Sep	94.97	94.93	-0.04	94.98	94.93	54,634	358,850
Dec	94.33	94.28	-0.05	94.35	94.24	98,585	510,660
Mar	94.00	93.89	-	94.02	93.86	54,927	387,272

■ US TREASURY BILL FUTURES (IMM) $1m per 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Sep	95.42	95.38	-0.04	95.42	95.38	4,499	8,058
Dec	94.91	94.83	-0.08	94.92	94.82	2,721	11,221
Mar	94.53	94.40	-0.10	94.53	94.40	445	4,396

All Open Interest figs. are for previous day

■ EUROMARK OPTIONS (LIFFE) DM1m points of 100%

Strike Price	CALLS Sep	Oct	Nov	Dec	PUTS Sep	Oct	Nov	Dec
9475	0.23	0.11	0.14	0.17	0	0.06	0.09	0.12
9500	0.02	0.02	0.04	0.06	0.04	0.22	0.24	0.28
9525	0	0	0.02	0.02	0.27	0.45	0.47	0.47

Est. vol. total, Calls 6150 Puts 7110. Previous day's open int., Calls 259436 Puts 200465

■ EURO SWISS FRANC OPTIONS (LIFFE) SFr 1m points of 100%

Strike Price	CALLS Sep	Dec	Mar	PUTS Sep	Dec	Mar
9575	0.08	0.03	0.07	0.01	0.38	0.74
9600	0	0.02	0.04	0.18	0.62	0.95
9625	0	0.01	0.02	0.45	0.86	1.19

Est. vol. total, Calls 600 Puts 50. Previous day's open int., Calls 2805 Puts 1755

UK INTEREST RATES

LONDON MONEY RATES

Sep 9	Over-night	7 days notice	One month	Three months	Six months	One year
Interbank Sterling	5½ - 4	4$\frac{13}{16}$ - 4$\frac{11}{16}$	5$\frac{1}{16}$ - 4⅞	5$\frac{7}{16}$ - 5$\frac{5}{16}$	5⅞ - 5¾	6$\frac{13}{32}$ - 6$\frac{11}{32}$
Sterling CDs	-	-	4$\frac{31}{32}$ - 4$\frac{29}{32}$	5$\frac{11}{32}$ - 5$\frac{9}{32}$	5$\frac{13}{16}$ - 5$\frac{11}{16}$	6$\frac{11}{16}$ - 6$\frac{7}{16}$
Treasury Bills	-	-	4⅞ - 4$\frac{13}{16}$	5⅜ - 5$\frac{5}{16}$	-	-
Bank Bills	-	-	4⅞ - 4$\frac{13}{16}$	5⅜ - 5$\frac{5}{16}$	5$\frac{11}{16}$ - 5$\frac{11}{16}$	-
Local authority deps.	5$\frac{1}{16}$ - 4$\frac{13}{16}$	5$\frac{1}{16}$ - 4$\frac{15}{16}$	4$\frac{13}{16}$ - 4$\frac{13}{16}$	5⅜ - 5⅜	5$\frac{13}{16}$ - 5$\frac{13}{16}$	6$\frac{13}{32}$ - 6$\frac{11}{32}$
Discount Market deps	4⅞ - 3⅜	4⅞ - 4⅜	-	-	-	-

UK clearing bank base lending rate 5¼ per cent from February 8, 1994

	Up to 1 month	1-3 month	3-6 months	6-9 months	9-12 months
Certs of Tax dep. (£100,000)	1½	4	3¾	3¾	3½

Certs of Tax dep. under £100,000 is 1½pc. Deposits withdrawn for cash ½pc.
Ave. tender rate of discount 5.0940pc. ECGD fixed rate Stg. Export Finance. Make up day Aug 31, 1994. Agreed rate for period Sep 26, 1994 to Oct 25, 1994, Schemes II & III 6.82pc. Reference rate for period July 30, 1994 to Aug 31, 1994, Schemes IV & V 5.578pc. Finance House Base Rate 5½pc from Sep 1, 1994

■ THREE MONTH STERLING FUTURES (LIFFE) £500,000 points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep	94.47	94.47	-0.01	94.50	94.47	9547	86427
Dec	93.71	93.67	-0.06	93.72	93.66	31046	151441
Mar	92.86	92.78	-0.09	92.88	92.76	12606	75582
Jun	92.25	92.18	-0.08	92.27	92.18	4370	55632

Traded on APT. All Open interest figs. are for previous day.

■ SHORT STERLING OPTIONS (LIFFE) £500,000 points of 100%

Strike Price	CALLS Sep	Dec	Mar	PUTS Sep	Dec	Mar
9425	0.23	0.04	0.02	0.01	0.62	1.48
9450	0.06	0.02	0.01	0.08	0.85	1.72
9475	0	0.01	0	0.28	1.09	1.96

Est. vol. total, Calls 10458 Puts 19898. Previous day's open int., Calls 359925 Puts 301462

BASE LENDING RATES

	%		%		%
Adam & Company	5.25	Duncan Lawrie	5.25	* Roxburghe Guarantee Corporation Limited is no longer authorised as a banking institution.	8
Allied Trust Bank	5.25	Exeter Bank Limited	6.25	Royal Bk of Scotland	5.25
AIB Bank	5.25	Financial & Gen Bank	6	●Smith & Williamson Secs.	5.25
●Henry Ansbacher	5.25	●Robert Fleming & Co	5.25	TSB	5.25
Bank of Baroda	5.25	Girobank	5.25	●United Bk of Kuwait	5.25
Banco Bilbao Vizcaya	5.25	●Guinness Mahon	5.25	Unity Trust Bank Plc	5.25
Bank of Cyprus	5.25	Habib Bank AG Zurich	5.25	Western Trust	5.25
Bank of Ireland	5.25	●Hambros Bank	5.25	Whiteaway Laidlaw	5.25
Bank of India	5.25	Heritable & Gen Inv Bk.	5.25	Yorkshire Bank	5.25
Bank of Scotland	5.25	●Hill Samuel	5.25		
Barclays Bank	5.25	C. Hoare & Co	5.25		
Brit Bk of Mid East	5.25	Hongkong & Shanghai	5.25		
●Brown Shipley & Co Ltd	5.25	Julian Hodge Bank	5.25		
CL Bank Nederland	5.25	●Leopold Joseph & Sons	5.25		
Citibank NA	5.25	Lloyds Bank	5.25		
Clydesdale Bank	5.25	Meghraj Bank Ltd	5.25		
The Co-operative Bank	5.25	Midland Bank	5.25		
Coutts & Co	5.25	* Mount Banking	8		
Credit Lyonnais	5.25	NatWestminster	5.25		
Cyprus Popular Bank	5.25	●Rea Brothers	5.25		

● Members of London Investment Banking Association
* In administration

MONEY MARKET FUNDS

Money Market Trust Funds

Gross | Net | Gross CAR | Int Cr

CAF Money Management Co Ltd
48 Pembury Road, Tonbridge TN9 2JD 0732 770114
Cafcash Deposit Fund | 4.89 | - | 4.77 | 3-Mth
Deposits Over £1 million | 4.79 | - | 4.88 | 3-Mth
Deposits Over £2 million | 4.89 | - | 4.00 | 3-Mth

The CBIF Charities Deposit Account
2 Fore Street, London EC2Y 5AQ 071-588 1815
Deposit | 4.70 | - | 4.78 | 3-Mth

Cent. Bd. of Fin. of Church of England
2 Fore Street, London EC2Y 5AQ 071-588 1815
Deposit | 4.90 | - | 4.89 | 3-Mth

Money Market Bank Accounts

Gross | Net | Gross CAR | Int Cr

Allied Trust Bank Ltd
25 Dowgate Hill, London, EC4R 2AT 071-626 0879
[illegible]

American Express Bank Ltd
Sussex House, Burgess Hill RH15 9AQ 0444 232444
High Performance Cheque Account
[illegible]

Arbuthnot Latham & Co Ltd
30 City Road, London EC1Y 2AY 071-638 4070
Treasury Account – for professional advisers
Monthly Inc Acc – for personal and business clients
[illegible]
Money Market quotations – please telephone

Bank of Ireland High Interest Cheque Acc
36-40 High St, Slough SL1 1EL 0753 516516
[illegible]

Bank of Scotland
38 Threadneedle St, EC2P 2EH 071-601 6446
[illegible]

Barclays Select
PO Box 120, Wastwood Bs Pk, Coventry 0800 400100
[illegible]

Barclays Prime Account H.I.C.A.
PO Box 125, Northampton 051-2546236
[illegible]

Brown Shipley & Co Ltd
Founders Court, Lothbury, London EC2 071-606 9833
HICA | 4.00 | 3.00 | 4.00 | Qtr
Prof Demand A/c | 4.00 | 3.00 | 4.01 | Qtr

Caledonian Bank Plc
8 St Andrew Square, Edinburgh EH2 2PP 031 556 8235
HICA | 4.75 | 3.5625 | - | Yearly

Cater Allen Ltd
20 Birchin Lane, London EC3V 9DJ 071-623 2070
[illegible]

Charterhouse Bank Limited
1 Paternoster Row, EC4M 7DH. 071-248 4000
[illegible]
Many other currencies are available – for rates please phone ext 2169

Clydesdale Bank Flexible Solution Acc
30 St Vincent Place, Glasgow G1 2HL 041-248 7070
[illegible]

The Co-operative Bank
PO Box 300, Skelmersdale, Lancs 0345 252000
TESSA | 6.25 | - | - | Yearly
Pathfinder – Card Based Current Account
Investment 90 – 90 Day Notice Savings
Top Tier – Instant Access Savings
Business Deposit – Instant Access
[illegible]
30-60 day notice available Tel 0345 213213

Coutts & Co
440 Strand, London WC2R 0QS 071-753 1000
Coutts Corporate Account for clients money
15 Lombard Street, London EC3V 9AU 071-623 1717
Rates negotiable up to | 4.800

Dao Heng Bank (London) PLC Premier Acc
10 Angel Court, London EC2R 7HP 071-600 1616
[illegible]

Davenham Tst Plc–Davenham 500 Acc
6-31 John St, Manchester M3 4DU 061-832 8484
[illegible]

Fidelity Money Market Account
Fidelity Brokerage Services Ltd, Kingswood Place, Tadworth, Surrey, KT20 6RB
[illegible]
£500,000+ Money Market Rates on request

Halifax Bldg Soc Asset Reserve Cheque Acc
Trinity Road, Halifax HX1 2RG 0422 335333
Rates for personal customers
Rates for non-personal customers
[illegible]

Julian Hodge Bank Ltd
10 Windsor Place Cardiff CF1 3BX 0222 220800
[illegible]

Humberclyde Finance Group
5 Bentley Way, Hook, Basingstoke 0256 780000
[illegible]

Leopold Joseph & Sons Limited
29 Gresham Street, London EC2V 7EA 071-588 2323
Treasury High Interest Cheque Account
[illegible]

Kleinwort Benson Ltd
10 Fenchurch St, London EC3M 3LB
[illegible]

Kleinwort Benson Private Bank
A division of Kleinwort Benson Investment Management Ltd
10 Fenchurch Street, London EC3M 3LB
[illegible]

Lloyds Bank – Investment Account
71 Lombard St, London EC3P 3BS
[illegible]

Midland Bank plc
PO Box 2, Sheffield
[illegible]

Nationwide Bldg Soc – Businessinvestor
Business High Interest Cheque Account
[illegible]

Portman Bldg Soc Prestige Cheque Account
Richmond Hill, Bournemouth, BH2 6EP 0800 663663
[illegible]

Rea Brothers Limited, Bankers
Alderman's Walk, London EC2M 3XR 071-623 1155
[illegible]

Royal Bank of Scotland plc Premium Acc
42 St Andrew Sq, Edinburgh EH2 2YE
[illegible]

Save & Prosper/Robert Fleming
16-22 Western Rd, Romford RM1 3LB 0800 282101
[illegible]

Tyndall Bank plc
29-33 Princess Victoria St, Bristol 0272 744720
[illegible]

United Dominions Trust Ltd
PO Box 62, Herts. EN4 0DY 081-447 2438
Capital Plus Cheque Account
£1,000+ | 4.75 | 3.56 | 4.84 | Qtr

United Trust Bank Ltd (formerly UDC)
1 Great Cumberland Pl, London W1H 7AL 071-258 0004
[illegible]

J. Henry Schroder Wagg & Co Ltd
120 Cheapside, London EC2V 6DS 071-382 6000
[illegible]

Western Trust High Interest Cheque Acc
The Moneycentre, Plymouth PL1 1SE 0752 224141
[illegible]

NOTES– Gross: Contractual rate of interest payable, not taking account of the deduction of basic rate income tax. Net: Rate of interest payable after allowing for deduction of basic rate income tax. Gross CAR: Gross rate annualised to take account of compounding of interest paid other than once a year. "Compounded Annual Rate" Int Cr Frequency at which interest is credited to the account.

LONDON STOCK EXCHANGE: Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities *not* included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talisman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

Rule 535(2) stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd.

‡ Bargains at special prices. ϕ Bargains done the previous day.

British Funds, etc

Treasury 13¼% Stk 2000/03 - £123½
Exchequer 10½% Stk 2005 - £114⅛ (2Se94)

Corporation and County Stocks

Birmingham Corp 2½% Stk 1946(or after) - £35 (7Se94)
Dudley Metropolitan Borough Council7% Ln Stk 2019 (Reg)(F/P) - £78½ 9⅛ (7Se94)
Glasgow Corp 3½% Irrd Stk - £35 (5Se94)
Kensington & Chelsea(Royal Borough)11.15%

Northumbrian Water Group PLC 9¼% Bds 2002 (Br £ Var) - £99⅝ 100¼ (2Se94)
Pacific Electric Wire&Cable Co Ld 3¾% Bds 2001(Br$10000) - $120 (5Se94)
PowerGen PLC 8⅞% Bds 2003 (Br £10000&100000) - £96¼ϕ
Prudential Finance BV 9⅜% Gtd Bds 2007 (Br£5000&100000) - £98⅝
RMC Capital Ld 6¾% Cnv Cap Bds 2006 (Br £5000&50000) - £134¼ (2Se94)
Robert Fleming Intl Finance Ld 8¼% Perp Subord Gtd Nts (Br £ Var) - £83¾ (6Se94)
Rothschilds Continuation Fin(C.I)Ld9% Perp Subord Gtd Nts (Br£Various) - £81½
Royal Bank of Scotland PLC 6⅝% Bds

UK Public Boards

Foreign Stocks, Bonds, etc- (coupons payable in London)

National Grid Co PLC 7⅛% Bds 1998 (Br £ Var) - £98.4
National Westminster Bank PLC 11½% Und-SubNts £1000(Cnv to PrfReg - £103¼ 4 (7Se94)
National Westminster Bank PLC 11½% Und-SubNts £1000(Cnv to PrfBr - £105¼ (2Se94)
Nationwide Building Society 8⅛% Nts 1999(Br£ Vars) - £97½ (7Se94)
Nationwide Building Society 8⅝% Subord Nts 2018 (Br £ Var) - £88¼ (5Se94)
Nationwide Building Society 13.5% Subord Nts 2000 (Br £10000) - £118⅜ (7Se94)
New Zealand 9⅝% Bds 1995(Br£1000&10000) - £101¼ (5Se94)
Nippon Telegraph and Telephone Corp10% Nts 1995 (BrEC1000&10000) - £100
Norsk Hydro AS 9¼% Nts 2003 (Br £1000&10000) - £100⅞

Sterling Issues by Overseas Borrowers

Listed Companies(excluding Investment Trusts)

BTR PLC ADR (4:1) - $22
Bank of Ireland(Governor & Co of) Units NCP Stk Srs A £1 & £9 Liquidation - £11⅞ϕ
Banner Homes Group PLC Ord 10p - 146
Barclays PLC ADR (4:1) - $37 .35 .748742 .998733
Barclays Bank PLC 12% Uns Cap Ln Stk 2010 - £115 (7Se94)
Barclays Bank PLC 16% Uns Cap Ln Stk 2002/07 - £133¼
Bardon Group PLC 11.25p Cum Red Prf 2006 10p - 107¼ (7Se94)
Barings PLC 8% Cum 2nd Prf £1 - 95 (7Se94)
Barings PLC 9¼% Non-Cum Prf £1 - 113¼ϕ ¼ϕ
Barr & Wallace Arnold Trust PLC Ord 25p - 530 40
Bass PLC ADR (2:1) - $17.624413
Bass PLC 10⅝% Deb Stk 2016 - £111 (5Se94)

FT-SE ACTUARIES INDICES

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Investment Trusts

USM Appendix

Rule 4.2(a)

RULE 2.1 (a)(v)

Bargains marked in securities (not falling within Rule 2.1 (a)(i)) where the pricipal market is outside the UK and Republic of Ireland .

Allstate Explorations 74.0(7.9)
Aust Oil & Gas 60 0(7.9)
Cape Range Oil A$0 695(2.9)
City Developments S$7.27(5.9)
Dainippon Screen Man Y786 44(9.9)
Elec & Eltek H$0.91(7.9)
Hysan Developments H$23.94(7.9)
Killinghall Tin £1.0(7.9)
Nat Electronics Hldgs A$1.04(7.9)
North Flinders Mines £3.9(6.9)
Oil Search 47.0(6.9)
Palabora Mining R72.5(7.9)
Regal Hotel Hldgs H$2.07(7.9)
Selangor Coconuts £1.25(7.9)
Selangor Properties M$3.6(7.9)
Singapore Land S$8.28(5.9)
Storer Communications SK427.92(9.9)
Westfield Minerals 47.0(9.9)

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LONDON STOCK EXCHANGE

MARKET REPORT

US producer price data hit bonds and equities

By Terry Byland, UK Stock Market Editor

The unexpectedly large jump in August producer prices in the US, raising the spectre of further rises ahead in the Federal Reserve's key interest rates, hit UK financial markets very hard yesterday afternoon. Short-dated government bonds, those most closely linked to base rate prospects, fell by a quarter of a point while the longer dates which reflect deeper inflation worries, collapsed by more than 1¼ points.

Early confidence in the equity market was wiped out by the setback in government bond prices. A gain of plus 12 on the FT-SE 100 Share Index in early afternoon had been replaced by a net fall of 40.7 points at the closing reading of 3,139.3. At the day's low, the Footsie touched 3,134. The September futures contract on the Footsie closed at around 3,125, after trading at a substantial discount to the stock market for most of the afternoon. The Dow Industrial Average was more than 30 points off in New York when London went home for the day.

Most analysts admitted that the Footsie 3,100 mark would be at hazard on Monday morning, when the UK's producer price numbers are due. Next week also brings further important challenges to market sensitivity to inflation prospects in the form of the US Consumer price index, expected on Tuesday, and the Britain's Retail price index, which is due on Thursday.

There was little time in London for any disciplined reaction to the news from the US that the August Producer price index had risen by 0.6 per cent overall, compared with market forecasts of around 0.4 per cent. Sellers poured into London's stock index futures market, and there was a good deal of technical activity between futures and cash equities, with some negative arbitraging operations involving buying the futures and selling the underlying stocks.

Substantial losses were suffered by the retail and consumer stocks which are directly in line for the negative effects of higher interest rates. BTR lost further ground as the market continued to react badly to the half time trading report. Bank shares, too, suffered sharp losses as investors weighed the prospects for their bad debt customers should domestic interest rates begin to move higher. The picture was no better across the range of industrial sectors, where building and construction issues also felt the threat of higher base rates.

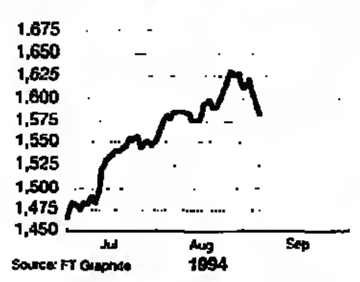
While the focus was on the blue chip stocks which make up the Footsie 100 list, the reverberations reached well down into the list of stocks in the FT-SE Mid 250 Index, which closed 25.8 off at 3,736. Seaq reported trading volume of 642.3m shares compared with 668.5m on Thursday when retail business returned a value total of £1.3bn.

The first half of the trading session appeared fairly confident. Market analysts remained optimistic for a further rise in the stock market over the medium term, although most agreed that UK base rates would rise well before the end of the year.

The losses in US and in British government bonds yesterday afternoon hit hard at a stock market where worries about inflation have increased over the past week. The FT-SE 100 Index has fallen by nearly 2.6 per cent over the week and appears likely to fall further. The loss on the FT-SE Mid 250 Index was held to only 1.4 per cent, reflecting the focus on the blue chip stocks which suffered from the fall-out in stock index futures.

However, not all the market specialists were negative. Some believe that, while next week will inevitably bring further pain, the UK stock market may still move higher before the end of the year. Base rate rises have been built into market forecasts and, in spite of this week's shocks, company earnings are still expected to continue rising until well into next year.

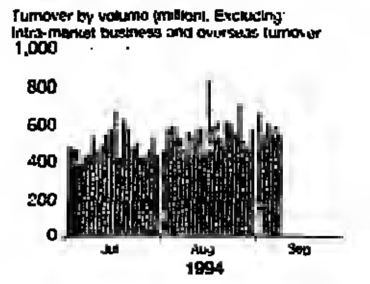
FT-SE-A All-Share Index



Source: FT Graphite

Equity Shares Traded

Turnover by volume (million). Excluding: Intra-market business and overseas turnover



■ Key Indicators

Indices and ratios

FT-SE Mid 250	3736.0	-25.8
FT-SE-A 350	1589.2	-18.4
FT-SE-A All-Share	1578.98	-17.09
FT-SE-A All-Share yield	3.79	(3.75)
FT Ordinary index	2426.6	-27.9
FT-SE-A Non Fins p/e	19.47	(19.66)
FT-SE 100 Fut Sep	3128.0	-53.0
10 yr Gilt yield	8.88	(8.64)
Long gilt/equity yld ratio:	2.34	(2.34)

FT-SE 100 Index

Closing index for Sept 9	3139.3
Change over week	-83.4
Sept 8	3180.0
Sept 7	3203.9
Sept 6	3205.4
Sept 5	3241.5
High*	3253.4
Low*	3134.0

*Intra-day high and low for week

TRADING VOLUME

■ **Major Stocks Yesterday**

	Vol. 000s	Closing price	Day's change
ASDA Group†	7,000	64½	
Abbey National†	1,500	396	-13
Albert Fisher	768	49	-1
Allied-Lyons†	1,000	600	-4
Anglian Water	586	559	-13
Argos	211	349½	-3½
Argyll Group†	4,000	278	-5
Arjo Wiggins†	2,500	276	-11
Assoc. Brit. Foods†	200	569	+5
Assoc. Brit. Ports	999	262	-1
BAA†	2,500	468	-7
BAT Inds.†	4,000	434	+1
BET	981	100	-1
BICC	977	400	+3
BOC†	2,000	724	+2
BP†	8,900	418	-2
BPB Inds.	3,600	311	+3
BT†	10,000	389	-5½
BT (P/Paid)	5,200	269½	-5
BTR†	24,000	329	-9
Bank of Scotland†	2,000	206½	-5½
Barclays†	5,000	565	-4
Bass†	2,200	572	-2
Blue Circle†	3,600	293	-7
Booker	207	448	-6
Boots†	2,000	526	-9
Bowater†	2,700	467	-13
Brit. Aerospace†	2,300	497	-17
British Airways†	2,100	402	-8
British Gas†	8,900	295	-3
British Land	20	398	-7
British Steel†	17,000	149½	-3
Bunzl	425	167	-3
Burmah Castrol†	303	899	-9
Burton	860	64	
Cable & Wire†	11,000	419	-11
Cadbury Schweppes†	700	457	-11
Calor Group	315	270	+1
Caradon†	1,100	291	-1
Carlton Comms.†	1,500	848	-12
Coats Viyella†	1,300	210	-4
Comm. Union†	889	549	-7
Cookson	1,000	264	+5
Courtaulds†	781	507	-1
Dalgety	336	476	-5
De La Rue†	100	980	-4
Dixons	1,300	206	+1
Eastern Elect.	2,600	772	-10½
East Midland Elect.	298	742	-5
Eng China Clays	628	386	+1
Enterprise Oil†	2,200	409	+8
Eurotunnel Units	88	279	-2
FKI	585	163	
Fisons	3,700	151	-3
Foreign & Col. I.T.	578	142	
Forte†	1,200	234	-4
Gen. Accident†	504	554	-17
General Elect.†	3,500	290½	-4
Glaxo†	4,100	611	+2
Glynwed	332	349	-3
Granada†	3,200	499	+5
Grand Met.†	2,100	415	-8
GUS†	810	561	-9
GRE†	2,700	167	-4
GKN†	579	604	-5
Guinness†	1,000	470	-9
HSBC (75p shs)†	4,500	748	-10
Hammerson	323	341	-5
Hanson†	7,600	242½	-5½
Harrisons Crosfield	720	161	-1
Hays	635	292	-2
Hillsdown	2,600	177	-1
IMI	469	321	-3½
ICI†	3,800	828	+7½
Inchcape†	611	436	-9
Johnson Matthey	108	583	
Kingfisher†	2,600	488	-10
Kwik Save	137	600	-6
Ladbroke†	2,400	165	-3
Land Securities†	1,300	623	-7
Laporte	155	775	-4
Legal & General†	261	473	-1
Lloyds Abbey	413	375	-3
Lloyds Bank†	3,600	552	-18
LASMO	1,400	155	-4
London Elect.	580	700	-14

	Vol. 000s	Closing price	Day's change
Lonrho	764	137½	+½
Lucas	1,600	191	-1
MEPC†	1,200	435	+3
MFI	2,000	143	
Manweb	1,400	847	-19
Marks & Spencer†	3,600	407	-6½
Midlands Elect.	427	808	-10
Morrison (Wm.)	1,500	143	
NFC†	1,900	163	-3
NatWest Bank†	8,600	509	-7
National Power†	6,000	478	-17
Next	197	261½	-3½
North West Water†	346	559	-13
Northern Elect.	217	806	-16½
Northern Foods†	2,100	209½	-3½
Norweb	179	801	-13
Pearson†	1,000	617	+2
P & O†	898	657	-11
Pilkington	2,300	193	-1½
PowerGen†	3,900	571	-7
Prudential†	2,400	311	-6
RMC†	185	985	-2
RTZ†	2,800	890	
Racal	980	248	-1
Rank Org.†	2,400	415	+2
Reckitt & Colman†	321	598	-7
Redland†	972	528	-4
Reed Intl.†	1,800	784	-1
Rentokil†	454	229½	-3½
Reuters†	3,100	493	-5
Rolls Royce†	1,400	182	-4
Ryl Bk Scotland†	5,300	421	-15
Royal Insurance†	2,800	274	-7
Sainsbury†	2,600	444	-5
Schroders	498	1633	-7
Scottish & New.†	1,000	517	-2
Scot. Hydro-Elect.	111	392	-9
Scottish Power†	1,100	398	-5
Sears†	7,700	117½	-2½
Sedgwick	1,000	171	+2
Seeboard	2,000	440	-4
Severn Trent†	411	561	-3½
Shell Transport†	4,700	743	-11
Siebe†	1,000	565	-14
Slough Ests	41	230	-6
Smith (W.H.)	1,000	489	+6
Smith & Nephew†	1,200	152½	-1
SmKl Beecham†	1,200	421½	-13½
SmKl Beecham Uts.†	391	364	-11
Smiths Inds.	157	447	-2
Southern Elect.†	967	748	-26
South Wales Elect.	407	818	-5
South West Water	13	532	-18
South West. Elect.	186	782	-11
Southern Water	0	682	-13
Standard Chartd.†	4,600	271	-2
Storehouse	850	216	-10
Sun Alliance†	1,700	331	-1
T&N	659	237	+1
TI Group†	1,100	364	-6
TSB†	2,000	221	-4½
Tarmac	3,400	156½	-4½
Tate & Lyle	470	442	
Taylor Woodrow	1,000	138	-1
Tesco†	4,600	241	-1
Thames Water†	885	507	-11
Thorn EMI†	1,000	1028	+8
Tomkins†	2,500	229½	-2½
Trafalgar House	1,400	90	-1
Unigate	335	355	-5
Unilever†	2,600	1165	+5
United Biscuits†	1,000	330	-4
Utd. Newspapers	58	524	-2
Vodafone†	6,200	201	-1½
Warburg (SG)†	132	782	-11
Wellcome†	1,000	696	
Welsh Water	58	681	-13
Wessex Water	64	646	-10
Whitbread†	1,100	551	+½
Williams Hldgs.†	283	358	-5
Willis Corroon	10,000	155½	+2
Wimpey	675	159	+1
Wolseley†	372	753	-16
Yorkshire Elect.	498	769	-7
Yorkshire Water	502	553	-14
Zeneca†	1,400	835	-3

Based on trading volume for a selection of major securities dealt through the SEAQ system yesterday until 4.30pm. Trades of one million or more are rounded down. †Indicates an FT-SE 100 Index constituent.

EQUITY FUTURES AND OPTIONS TRADING

The sharp rise in US producer prices brought widespread selling in the London derivatives markets yesterday afternoon. The September contract on the Footsie collapsed to show a discount of around 15 points to the cash market for much of the afternoon – fair value premium is worth about three points at present. And little recovery had been seen by the close when it stood at 3,125. Heavy arbitrage business was reported. Of the 22,149 Footsie contracts traded, around 600 represented roll-overs into the December contract.

■ FT-SE 100 INDEX FUTURES (LIFFE) £25 per full index point (APT)

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep	3188.0	3126.6	-53.6	3195.6	3121.0	22149	32968
Dec	3201.0	3139.6	-53.5	3207.5	3135.6	8192	27466
Mar	3233.0	3167.0	-58.0	3233.6	3233.6	100	475

■ FT-SE MID 250 INDEX FUTURES (LIFFE) £10 per full index point

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep	3764.0	3737.0	-26.0	3784.0	3742.0	228	3522
Dec	3781.0	3757.0	-31.0	3782.0	3765.0	238	1264

■ FT-SE MID 250 INDEX FUTURES (OMLX) £10 per full index point

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep	-	3742.6	-	-	-	-	636

All open interest figures are for previous day. † Exact volume shown.

■ FT-SE 100 INDEX OPTION (LIFFE) (*3134) £10 per full index point

[illegible]

■ EURO STYLE FT-SE 100 INDEX OPTION (LIFFE) £10 per full index point

	2975 C	2975 P	3025 C	3025 P	3075 C	3075 P	3125 C	3125 P	3175 C	3175 P	3225 C	3225 P	3275 C	3275 P	3325 C	3325 P
Sep	159½	3	107	6	65	14	30½	29½	10½	59½	2½	101	1	149½	1	199½
Oct	170	22	131½	33	97	48	67½	68	44½	95	27	127	16½	165½	8	207½
Nov			158	49			93	85			48	139			21½	211
Dec			172½	60½			111½	97½			65½	150			35½	219
Mar†			225½	87½			165½	125			118	174			81	234½

Calls 1,720 Puts 882 * Underlying index value. Premiums shown are based on settlement prices. † Long dated expiry months.

■ EURO STYLE FT-SE MID 250 INDEX OPTION (OMLX) £10 per full index point

	3500	3550	3600	3650	3700	3750	3800	3850
Sep					61½ 18½	39¼ 41½	15¼ 73½	

Calls 0 Puts 0 Settlement prices and volumes are taken at 4.30pm.

FT-SE-A INDICES - LEADERS & LAGGARDS

Percentage changes since December 31 1993 based on Friday September 9 1994

Oil Exploration & Prod	+12.72	FT Gold Mines Index	-1.78	FT-SE 100	-8.17
Printing, Paper & Pckg	+12.53	Gas Manufacturing	-2.18	Water	-8.72
Engineering, Vehicles	+8.93	Food Manufacturers	-3.06	Utilities	-8.86
Extractive Industries	+8.95	Health Care	-4.01	Building & Construction	-10.14
Mineral Extraction	+8.41	Non-Financials	-4.26	Distributors	-10.58
Oil, Integrated	+8.30	Investment Trusts	-4.83	Life Assurance	-10.93
Chemicals	+5.81	Pharmaceuticals	-5.53	Transport	-11.10
Retailers, Food	+5.52	Services	-5.56	Building Materials	-11.20
Engineering	+4.43	Support Services	-5.97	Retailers, General	-13.08
Electricity	+2.58	FT-SE-A All-Share	-6.13	Household Goods	-13.47
FT-SE SmallCap ex IT	+2.84	Electronic & Elec Eqpt	-6.26	Gas Distribution	-13.66
FT-SE SmallCap	+1.94	Textiles & Apparel	-6.29	Financials	-15.07
Leisure & Hotels	+1.92	Diversified Industrials	-6.48	Telecommunications	-15.24
Breweries	+0.51	FT-SE-A 350	-6.86	Property	-16.74
Media	-0.98	Spirits, Wines & Ciders	-6.73	Banks	-16.75
FT-SE Mid 250 ex IT	-1.01	Consumer Goods	-6.85	Insurance	-17.79
FT-SE Mid 250	-1.48	Merchant Banks	-7.39	Tobacco	-21.59

FT - SE Actuaries Share Indices — The UK Series

	Sep 9	Day's chge%	Sep 8	Sep 7	Sep 6	Year ago	Div. yield%	Earn. yield%	P/E ratio	Xd adj. ytd	Total Return	1994 High		1994 Low		Since Compilation High		Since Compilation Low	
FT-SE 100	3139.3	-1.3	3180.0	3203.9	3205.4	3037.0	4.03	6.85	17.27	90.23	1183.15	3520.3	2/2	2876.6	24/6	3520.3	2/2/94	986.9	23/7/84
FT-SE Mid 250	3736.0	-0.7	3761.8	3778.1	3782.4	3476.3	3.32	5.83	21.30	89.03	1387.21	4152.8	3/2	3383.4	27/6	4152.8	3/2/94	1379.4	21/1/86
FT-SE Mid 250 ex Inv Trusts	3738.3	-0.7	3766.4	3784.7	3788.6	3490.7	3.46	6.08	19.82	91.77	1384.96	4160.7	19/1	3392.4	27/6	4160.7	19/1/94	1378.3	21/1/86
FT-SE-A 350	1589.2	-1.1	1607.6	1618.6	1619.5	1523.8	3.86	6.58	18.07	43.86	1325.24	1778.3	2/2	1461.3	24/6	1778.3	2/2/94	664.5	14/1/86
FT-SE SmallCap	1904.38	-0.2	1907.25	1910.85	1911.06	1780.29	2.98	4.13	31.09	38.21	1472.88	2094.98	4/2	1778.51	8/7	2094.98	4/2/94	1363.79	31/12/92
FT-SE SmallCap ex Inv Trusts	1870.99	-0.1	1872.98	1876.64	1876.21	1797.41	3.15	4.56	28.64	39.14	1450.66	2060.72	4/2	1752.38	12/7	2060.72	4/2/94	1363.79	31/12/92
FT-SE-A ALL-SHARE	[illegible]																		

■ **FT-SE Actuaries All-Share**

	Sep 9	Day's chge%	Sep 8	Sep 7	Sep 6	Year ago	Div. yield%	Earn. yield%	P/E ratio	Xd adj. ytd	Total Return	1994 High		1994 Low		Since Compilation High		Since Compilation Low	
10 MINERAL EXTRACTION(18) – 68 Water(13)	[illegible]																		
69 NON-FINANCIALS(633)	1706.85	-1.0	1723.86	1736.07	1736.58	1629.60	3.77	6.17	19.47	43.87	1201.47	1870.36	2/2	1582.89	24/6	1870.38	2/2/94	61.48	13/12/74
70 FINANCIALS(104)	2219.91	-1.6	2255.61	2271.57	2269.60	2186.00	4.29	8.63	13.57	80.07	879.56	2737.13	4/2	2084.74	24/6	2737.13	4/2/94	972.20	23/1/86
71 Banks(10)	2879.82	-2.0	2939.44	2984.63	2938.28	2637.00	4.16	9.31	12.23	114.84	865.34	3601.56	4/2	2615.77	6/7	3601.58	4/2/94	950.60	23/1/86
73 Insurance(17)	1247.79	-1.2	1263.54	1267.34	1272.23	1466.16	5.12	9.74	11.74	48.55	852.57	1593.51	24/1	1183.82	24/6	1624.20	29/12/89	870.90	25/8/92
74 Life Assurance(6)	2424.31	-1.6	2464.97	2480.39	2527.53	2628.90	5.14	7.50	16.38	85.34	921.19	2921.57	19/1	2180.81	1/6	2921.37	19/1/94	967.70	23/1/86
75 Merchant Banks(8)	3160.51	-0.9	3188.16	3187.26	3188.80	3079.60	3.38	10.45	11.15	78.42	950.79	3761.29	2/2	2638.66	1/7	3761.29	2/2/94	982.80	21/1/86
77 Other Financial(24)	2004.04	-0.1	2006.19	2013.89	2017.47	1784.60	3.64	7.87	15.18	46.80	1085.58	2279.35	4/2	1782.83	4/7	2279.35	4/2/94	856.30	1/10/90
79 Property(41)	1494.63	-0.8	1507.50	1522.16	1541.35	1607.50	4.04	4.18	30.23	39.08	853.50	1896.66	4/2	1463.40	27/6	2132.40	5/6/89	718.40	16/9/92
80 INVESTMENT TRUSTS(123)	2888.91	-0.4	2901.12	2908.59	2905.16	2570.80	2.10	1.61	55.93	48.64	970.24	3184.31	2/2	2818.98	27/6	3184.31	2/2/94	977.20	14/1/86
89 FT-SE-A ALL-SHARE(860)	1578.98	-1.1	1598.07	1606.38	1607.28	1511.38	3.79	5.38	18.64	42.74	1238.22	1784.11	2/2	1448.85	24/6	1784.17	2/2/94	61.92	13/12/74

■ **Hourly movements**

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	High/day	Low/day
FT-SE 100	3183.3	3178.8	3177.7	3187.2	3193.6	3186.5	3169.9	3148.7	3134.1	3193.6	3134.0
FT-SE Mid 250	3762.0	3761.5	3758.9	3760.1	3762.0	3758.8	3752.6	3745.7	3736.0	3762.3	3735.8
FT-SE-A 350	1608.9	1606.3	1606.4	1610.2	1612.7	1609.6	1602.8	1593.1	1587.2	1612.8	1587.2

Time of FT-SE 100 High: 12.16pm Low: 4.11pm

■ **FT-SE Actuaries 350 Industry baskets**

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	Close	Previous	Change
Bldg & Cnstrcn	1129.4	1129.0	1133.5	1134.1	1135.4	1134.3	1133.6	1132.2	1128.3	1127.6	1127.5	+0.1
Pharmaceuticals	3086.1	3070.9	3076.3	3083.1	3081.6	3080.6	3060.4	3034.8	3036.5	3051.8	3073.6	-22.8
Water	1933.2	1927.6	1924.5	1927.0	1935.2	1933.7	1925.9	1910.5	1899.0	1899.2	1936.1	-36.9
Banks	2974.4	2974.7	2970.2	2971.9	2984.1	2977.2	2961.2	2944.0	2912.3	2915.5	2976.2	-60.7

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value	Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
FT-SE Total Return Indices	31/12/92	1000.00	FT-SE Mid 250 ex Inv Trusts	31/12/85	1412.60	Water	29/12/89	1000.00	UK Gilts Indices	31/12/75	100.00
FT-SE SmallCap	31/12/92	1363.79	FT-SE-A 350	31/12/85	682.94	Non-Financials	10/4/62	100.00	Index-Linked	30/4/82	100.00
FT-SE SmallCap ex Inv Trs	31/12/92	1363.79	FT-SE 100	31/12/83	1000.00	FT-SE-A All-Share	10/4/62	100.00	Debs and Loans	31/12/77	100.00
FT-SE Mid 250	31/12/85	1412.60	Electricity	31/12/90	7000.00	All Other	31/12/85	1000.00			

BP peak in heavy trade

There was heavy activity in BP shares, which outperformed the market throughout the day to touch an all-time high of 429p in mid-session, before settling 2 easier 418p as the market became increasingly excited about this Thursday's presentation to analysts. Turnover reached 8.9m shares.

Dealers were said to be expecting plenty of good news from BP on the exploration front, particularly regarding its recent drilling success in Colombia, via the Cupiagua gas field discovery.

And there are high hopes for more positive news from BP's operations west of the Shetlands, as well as from Vietnam and Azerbaijan. Further details from the Ciusiana oil field in Colombia are awaited.

Helping the stock continue its recent good progress yesterday was a suggestion that one of the UK market's leading securities houses, said to be Smith New Court, had published a positive note on BP. Another story in the market was that BP may be considering buying in some of its own shares, to mop up its growing cash flow, although analysts tended to disregard that theory.

It was also announced that US holdings in BP have fallen to 20.65 per cent, or 1.13bn shares, down from the 26 per cent-plus figure of early 1993. "The Americans have found a ready market for BP stock in the UK where underweight funds have had to pay up and, more to the point are still paying up," said one oil analyst.

ICI stand out

Chemicals leader ICI was one of the few London stocks to avoid the impact of yesterday's discouraging US statistics after receiving a push from a leading US securities house.

Goldman Sachs had published a substantial research document regarding the global pick-up in bulk chemicals prices. The house cited – among others – ethylene which rose from 18.3 cents per pound in June to a prospective 22.5 cents for September.

The US investment bank's chemicals analyst highlighted ICI as the main UK beneficiary of a price rise. The company generates around half of its profits from bulk chemicals and has also underperformed against the broader market recently.

Helped also by some takeover talk, ICI shares rose 20 at one point but fell back with the market to close 7½ stronger at 828p. Turnover hit 3.8m shares, a high figure in comparison with recent trading sessions.

BTR continued to head up the market's list of active stocks with turnover topping 24m shares as the stock price responded to a big two way pull after Thursday's dismal interim figures.

A burst of buying early in the session drove the shares up to the day's high of 342p around midday, with fund managers at some of the big income funds taking a hard look at what could well be substantial returns in the stock on a fifteen-month view. It was pointed out that over that period the company, which nows yields around 5 per cent, would produce three dividends in two sets of results. "At the end of the day, BTR remains a quality company," said one analyst.

The subsequent steep fall in the market left the shares 9 lower at 329p at the close. The warrants also attracted renewed selling, the 93/4s closing 8¼ off at 36½p.

Cookson, whose excellent figures were overlooked in the aftermath of the BTR debacle on Thursday, jumped 5 more to 264p.

Pharmaceuticals group Fisons shed 3 to 151p ahead of interim figures on Tuesday which are expected to produce profits of around £35m down from £42.3m a year ago. Reorganisation costs and a low pollen season in Japan - which cut demand for hay fever drugs - are expected to hit pharmaceuticals profits while continuing losses are expected in scientific instruments.

Continued bid speculation helped pharmaceuticals groups Wellcome and Zeneca resist the market pressure. The former held its ground at 696p while the latter slipped only 3 to 835p.

Tobacco to insurance conglomerate BAT Industries held firm as UBS reiterated a buy recommendation and Smith New Court confirmed its bullish stance with some rivals suggesting it had upgraded to a buy from a hold. The shares were up 14 at best and ended the day one better at 434p.

Ulster Television added 15 at 685p after producing encouraging figures. The television group announced a 24.5 per cent hike in interim profits to £2.4m.

A sharp increase in profits from market research group Taylor Nelson saw the shares improve 2¼ to 38¼p.

A follow-through from disappointing car registration figures in the UK saw Inchcape fall 9 to 436p.

Costain shares dipped 3 to 24½p after the dismal figures and the projected sale of its US coal mining interests which analysts said could fetch between £150m and £180m.

Bank shares were badly affected by worries that UK interest rates may soon be on the way up. Lloyds were given the roughest ride in the market, the shares sliding 18 to 552p.

Royal Bank of Scotland lost 15 to 421p on big turnover of 5.3m with sentiment affected by news that Mr Peter Woods, the head of Royal's hugely successful Direct Line insurance subsidiary, had sold more than 600,000 shares.

Willis Corroon came in for strong institutional support after a recent bout of selling pressure, the stock price moving up 2 to 155½p on turnover of 10m.

Jeweller Asprey plunged to 178p after warning that group results for the half year to September 30 would be significantly below current market expectations and those for the corresponding period last year. The shares recovered slightly to close 110p lower at 200p.

A cautious annual statement from Dixons prompted concern over forthcoming figures from Woolworths parent Kingfisher. The market had anticipated a pre-tax figure between £90m and £95m but the Dixons statement coupled with the Asprey profits warning had prompted some analysts to err on the downside. The shares fell 16 to 488p.

Auctioneer Christie's International fell 4 to 175p after disappointing results that included a static interim dividend.

NEW HIGHS AND LOWS FOR 1994

NEW HIGHS (40).

BREWERIES (1) Marston Thompson, BLDG MATLS & MCHTS (2) Grafton, John Mansfield, DISTRIBUTORS (3) Brammer, Faber Prest, Jacks (Wm), ELECTRNC & ELECT EQUP (2) Nokia Prf, Philips Finance 5¼pc, ENGINEERING (3) Dominick Hunter, Fenner, Manganese Bronze, ENG, VEHICLES (2) Bostrom, UPF, EXTRACTIVE INDS (4) Gwalia Cons., Harmony, Placer Pac., Sons Gwalia, FOOD MANUF (1) CPL Aromas, HOUSEHOLD GOODS (1) Royal Doulton, INVESTMENT TRUSTS (7) 3i, Morgan G Latin Amer, North Atlantic Smlr Co's, Do. Ln 2013, Scudder Latin Amer, Second Consolidated, Templeton Latin Amer, INVESTMENT COMPANIES (1) Mauritius Fd, LEISURE & HOTELS (2) Bluebird Toys, Chrysalis, MEDIA (2) Intl. Business Comms., Taylor Nelson, OIL EXPLORATION & PROD (1) Gulfstream Res Canada, OTHER SERVS & BUSNS (1) Black Arrow, PHARMACEUTICALS (1) British Biotech, RETAILERS, FOOD (1) Greggs, RETAILERS, GENERAL (3) Amotts, Austin Reed, Diver, SUPPORT SERVS (3) Hestel Whiting, MITIE, Real Time Control, TEXTILES & APPAREL (2) Horace Small Apparel, Wensum, TRANSPORT (4) GRT Bus, NB Express, P & O 5½pc. Pd Non-Cum Pfd, Stagecoach, WATER (1) South Staffs Water, CANADIANS (1) Inco.

NEW LOWS (51).

GILTS (2) OTHER FIXED INTEREST (2) BREWERIES (1) Fuller S.T.A., DISTRIBUTORS (2) Cowie, Pendragon, Perry, DIVERSIFIED INDLS (1) BTR, Do Warrants, Do. Warrants 1994/95, Do. Warrants 1995/96, Do. Warrants 1997, BTR Nylex, Bunor Warrants, ENGINEERING (3) Hill & Smith, Hunting, Richards, EXTRACTIVE INDS (2) Bracken, Pacific Arc Expln, HOUSEHOLD GOODS (4) Cornwell Parker 'A', Creighton Naturally, Wymurs, Wyefield, INVESTMENT TRUSTS (10) MEDIA (1) SelecTV, PRTNG, PAPER & PACKG (1) Bns. Thornton, PROPERTY (8) Bolton, Brit Land 6pc Cv Bd, English & Overseas Props., Fletcher King, Slough Ests. Prf, Southend Prop, RETAILERS, FOOD (1) Brake Bros., RETAILERS, GENERAL (2) Asprey, Partridge Fine Arts, SUPPORT SERVS (2) Coutts Consulting, MR Data Management, TRANSPORT (1) NFC Var Vtg, AMERICANS (2) American T. & T., General Host, CANADIANS (1) Darlan Inds.

■ CHIEF PRICE CHANGES YESTERDAY

London (Pence)

Rises

CPL Aromas	185	+	10
Haggas (J)	88	+	4
Scantronic	34	+	6
Sleepy Kids	55	+	6
Tadpole Tech	400	+	15
Taylor Nelson	38¼	+	2¼
Ulster TV	685	+	15
VSEL	963	+	28
Wakebourne	88	+	8

Falls

Asprey	200	-	110
BTR	329	-	9
Booth Inds	66	-	9
Costain	24½	-	3
Kingfisher	488	-	16
Perry	175	-	23
Porvair	315	-	17
Royal Bk Scot	421	-	15
Time Products	228	-	15
World of Leather	90	-	4

FT MANAGED FUNDS SERVICE

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AUTHORISED UNIT TRUSTS

Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♠) - 1101 to 1400 hours; (♦) - 1401 to 1700 hours; (♣) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH
Tel: 071-379-0444.

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OTHER UK UNIT TRUSTS

INSURANCES

FT MANAGED FUNDS SERVICE

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Scottish Mutual Assurance plc

100 St Vincent St, Glasgow 041-248 6321

	Bid Price	Offer Price	+ or -	Yield Gross
Pier End Aug 16	1567.8	1648.7	—	—
Pen Mngd Jul 29	1298.5	1384.0	—	—
Safety Fund	224.9	236.4	-1.90	—
Growth Fund	228.5	240.6	-2.30	—
Opportunity Fund	223.9	235.7	-2.30	—
Wkgrade Venture Fnd	184.7	194.5	-0.80	—
UK Equity Fund	239.1	251.0	-3.20	—
UK Smaller Cos. Fund	228.6	240.5	-1.80	—
European Fund	353.1	371.7	-1.40	—
Far Eastern Fnd	377.1	397.0	-4.40	—
Japanese Fnd	147.0	154.8	-0.40	—
North American Fund	234.0	246.4	-2.70	—
International Fund	294.6	310.1	-1.70	—
Gilts & Fxd Int Fund	189.2	199.2	-1.00	—
Index-Linked Fund	174.4	183.6	-0.60	—
Property Fund	128.2	136.2	-0.10	—
Cash Fund	173.2	182.4	[illegible]	—
Pens Safety Fnd	272.3	286.7	-1.70	—
Pens Growth Fnd	247.1	260.2	-2.40	—
Pens Opportunity Fnd	250.0	263.2	-2.10	—
Pens Wkgde Venture Fnd	197.5	207.9	-0.70	—
Pens UK Equity Fnd	240.8	253.3	-3.30	—
Pens UK Smlr Co's Fnd	206.3	217.2	-1.80	—
Pens European Fnd	328.1	345.8	-1.10	—
Pens Far East Fnd	449.7	469.2	-4.60	—
Pens Japanese Fnd	144.4	152.1	-0.40	—
Pens Nth American Fnd	298.0	314.0	-2.50	—
Pens International Fnd	307.9	324.2	-1.60	—
Pens Gilts/Fxd Int Fnd	227.5	239.5	-1.10	—
Pens Index-linked Fnd	180.4	189.9	-0.80	—
Pens Property Fnd	147.5	155.3	—	—
Pens Cash Fund	215.4	226.8	—	—
Pens Hattax Fnd	231.8	244.1	—	—

Scottish Provident Group

6 St Andrew Sq, Edinburgh 031-556 9181

Scottish Provident Institution Funds

Life Funds

	Bid Price	Offer Price	+ or -	Yield Gross
With-Profits	113.0	119.0	[illegible]	—
Managed	270.5	284.8	+0.4	—
Blue Chip	144.4	152.1	+0.1	—
Equity	280.3	295.1	+0.4	—
International	299.3	315.1	+0.4	—
Property	[illegible]	[illegible]	—	—
Fixed Interest	207.4	218.4	+0.4	—
Index-linked	173.9	183.1	+0.1	—

[illegible]

Sun Alliance Group - Contd.

Property Growth Pension Bonds

	Bid Price	Offer Price	+ or -	Yield Gross
Managed (Acc)	1170.1		+3.6	—
Managed (Cap)	825.0		+1.7	—
Building Society (Acc)	553.3		+0.6	—
Building Society (Cap)	458.3		+0.1	—
Conv Bldg Soc (Acc)	609.2		+0.4	—
Conv Bldg Soc (Cap)	461.8		+0.1	—
Equity (Acc)	964.8		+2.0	—
Equity (Cap)	689.4		+1.6	—
Gilt Edged (Acc)	483.7		-1.9	—
Gilt Edged (Cap)	378.7		+1.0	—
International (Acc)	374.3		+1.7	—
International (Cap)	258.6		+1.1	—
Property (Acc)	725.7		+0.4	—
Property (Cap)	374.4		+0.1	—
Pension Fund Units	612.0		+0.5	—
Immediate Annuity	328.0		—	—
Retirement Annuity	1231.0		—	—

Sun Life Unit Assurance Ltd

St James Barton, Bristol BS99 7SL 0272 426911

	Bid Price	Offer Price	+ or -	Yield Gross
Managed Acc	911.3	959.3	-3.8	—
Property Acc	327.2	[illegible]	-3.5	—
Equity Acc	1457.1	[illegible]	-2.8	—
Fixed Interest Acc	377.1	397.0	+0.2	—
Cash Acc	307.9	324.5	+0.1	—
International Acc	620.4	653.1	+7.7	—
Distribution	223.8	236.0	-0.5	5.94
American Equity Acc	358.9	377.8	+1.8	—
Far Eastern Acc	918.2	967.8	+4.0	—
Index-Linked Acc	193.1	203.3	-0.8	—
Japan Acc	331.7	349.2	-0.6	—
Pacific Acc	396.7	417.6	+0.8	—
European	201.4	212.1	-0.1	—
Anniversary Bond	158.3	[illegible]	-1.1	—
Gold Distribution	165.7	174.5	-0.2	—

Sun Life Pensions Management Ltd

(Funds for individual pension contracts)

	Bid Price	Offer Price	+ or -	Yield Gross
Pens. Managed Acc	1191.0	1253.7	-3.0	—
Pens. Property Acc	341.5	[illegible]	—	—
Pens. Equity Acc	1682.0	1771.0	-10.1	—
Pens. F. Interest Acc	467.9	492.5	+0.2	—
Pens. Cash Acc	416.4	438.4	—	—
Pens. Internat. Acc	731.3	770.0	+8.5	—
Pens. Amer. Equity Acc	356.7	375.5	+1.8	—
Pens. Far Eastern Acc	1564.3	1646.7	+12.5	—
Pens. Ind. Lnkd. Acc	218.9	230.5	-1.0	—

[illegible]

OFFSHORE INSURANCES

[illegible]

MANAGEMENT SERVICES

[illegible]

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

[illegible]

GUERNSEY (SIB RECOGNISED)

[illegible]

GUERNSEY (REGULATED)(**)

[illegible]

IRELAND (SIB RECOGNISED)

[illegible]

IRELAND (REGULATED)(**)

[illegible]

ISLE OF MAN (SIB RECOGNISED)

[illegible]

ISLE OF MAN (REGULATED)(**)

[illegible]

JERSEY (SIB RECOGNISED)

[illegible]

JERSEY (REGULATED)(**)

[illegible]

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LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

[illegible]

WORLD STOCK MARKETS

NORTH AMERICA

UNITED STATES (Sep 9 / US$)

(3 pm)

EUROPE

AUSTRIA (Sep 9 / Sch)

BELGIUM/LUXEMBOURG (Sep 9 / Frs.)

CANADA (Sep 9 / Can. $)

DENMARK (Sep 9 / Kr)

FINLAND (Sep 9 / Mka)

FRANCE (Sep 9 / Frs.)

GERMANY (Sep 9 / Dm.)

ITALY (Sep 9 / Lire)

NETHERLANDS (Sep 9 / Fls.)

NORWAY (Sep 9 / Kroner)

SPAIN (Sep 9 / Pts.)

SWEDEN (Sep 9 / Kronor)

SWITZERLAND (Sep 9 / Frs.)

AFRICA

SOUTH AFRICA (Sep 9 / Rand)

PACIFIC

JAPAN (Sep 9 / Yen)

AUSTRALIA (Sep 9 / Aust$)

HONG KONG (Sep 9 / H.K.$)

MALAYSIA (Sep 9 / MYR)

SINGAPORE (Sep 9 / S$)

INDICES

	Sep 9	Sep 8	Sep 7	1994 High		1994 Low	
Argentina							
General (29/12/77)	(u)	21041.02	21019.38	25470.40	16/2	17758.80	20/4
Australia							
All Ordinaries(1/1/80)	2070.6	2089.1	2104.4	2340.60	3/2	1957.40	27/6
All Mining(1/1/80)	1032.9	1106.5	1099.7	1136.10	3/2	904.80	5/5
Austria							
Credit Aktien(30/12/84)	422.91	420.70	420.83	480.66	2/2	398.97	22/8
Traded Index(2/1/91)	1150.79	1142.17	1148.36	1222.25	1/2	1011.38	6/8
Belgium							
BEL20 (1/1/91)	1453.93	1459.65	1462.30	1542.66	9/2	1393.98	13/7
Brazil							
Bovespa (29/12/83)	(u)	52721.0	(c)	54369.00	1/9	3800.90	3/1
Canada							
Metals Mnls(1975)	(u)	4131.51	4064.05	4131.51	8/9	3299.06	20/4
Composite♦ (1975)	(u)	4354.40	4339.07	4609.90	23/3	3959.90	24/6
Portfolio (4/1/83)	(u)	2094.51	2073.15	2182.89	1/2	1053.17	20/7
Chile							
IPGA Gen (31/12/80)	(u)	4871.0	4817.7	4871.16	8/9	3801.20	4/4
Denmark							
CopenhagenSE(3/1/83)	356.80	357.02	357.49	415.79	2/2	355.83	9/9
Finland							
HEX General(28/12/90)	1943.8	1942.6	1944.4	1972.00	4/2	1601.10	3/1
France							
SBF 250 (31/12/90)	1322.89	1338.72	1328.32	1585.20	2/2	1285.36	4/7
CAC 40(31/12/87)	1948.83	1933.40	1964.20	2355.93	2/2	1868.18	4/7
Germany							
FAZ Aktien(31/12/58)	807.26	820.88	818.59	859.27	18/5	757.51	27/6
Commerzbank(1/12/53)	2354.3	2335.4	2329.5	2466.50	2/5	2149.30	27/6
DAX (30/12/87)‡	2165.15	2172.37	2163.82	2271.11	16/5	1968.82	20/6
Greece							
Athens SE(31/12/80)	843.51	841.28	846.24	1184.56	18/1	808.67	25/5
Hong Kong							
Hang Seng(31/7/64)	10146.02	10150.95	10165.87	12201.09	4/1	8369.44	4/5
India							
BSE Sens(1979)	(c)	4550.95	4530.33	4588.10	31/8	3454.00	5/1
Indonesia							
Jakarta Comp(10/8/82)	532.36	532.84	532.05	612.88	5/1	449.72	12/7
Ireland							
ISEQ Overall(4/1/88)	1930.10	1936.34	1940.98	2082.16	20/1	1694.14	1/7
Italy							
Banca Comm Ital (1972)	662.50	665.16	658.39	217.17	10/5	566.85	10/1
MIB General (4/1/94)	1072.0	1076.0	1064.0	1318.00	10/5	944.00	10/1
Japan							
Nikkei 225 (16/5/49)	19997.83	19917.73	20023.20	21552.81	13/6	17369.74	4/1
Nikkei 300 (1/10/82)	238.88	288.09	289.15	311.71	13/6	258.22	4/1
Topix (4/1/68)	1565.00	1562.31	1566.06	1712.73	13/6	1445.97	4/1
2nd Section (4/1/68)	2311.31	2315.28	2312.99	2542.66	6/7	1873.33	4/1
Malaysia							
KLSE Comp.(4/4/86)	1181.66	1181.17	1163.15	1314.46	5/1	928.33	4/4
Mexico							
IPC (Nov 1978)	(u)	2762.10	2738.92	2881.17	8/2	1957.33	20/4
Netherland							
CBS TtlRtnGen(End 83)	439.4	442.5	442.2	454.90	31/1	408.30	21/6
CBS All Shr (End 83)	277.7	279.8	279.6	284.80	31/1	257.90	21/6
New Zealand							
Cap. 40 (1/7/86)	2158.71	2158.48	2163.75	2439.84	3/2	1945.51	11/7
Norway							
Oslo SE(Ind)(2/1/83)	1092.05	1108.33	1114.03	1211.10	28/2	980.91	21/6
Philippines							
Manila Comp (2/1/85)	2961.97	2987.83	3040.32	3308.37	4/1	2507.33	9/3
Portugal							
BTA (1977)	2950.8	2942.3	2941.5	3228.80	18/2	2812.80	20/6
Singapore							
SES All-S'pore(2/4/75)	571.76	574.72	577.36	641.81	4/1	523.29	4/4
South Africa							
JSE Gold (28/9/78)	2464.0♥	2476.0	2534.0	2534.00	7/9	1749.00	14/2
JSE Indl. (28/9/78)	6617.0♥	6639.0	6678.0	6757.00	15/6	5446.00	19/1
South Korea							
KoreaCmpEx(4/1/80)**	984.8	991.44	972.56	991.44	8/9	855.37	2/4
Spain							
Madrid SE (30/12/85)	(u)	305.16	298.27	369.31	31/1	291.43	6/7
Sweden							
AffarsvarldnGen (1/2/37)	1440.90	1445.40	1441.1	1803.90	31/1	1334.70	6/7
Switzerland							
Swiss Bk Ind (31/12/58)	1252.58	1263.39	1262.71	1423.34	31/1	1157.97	18/7
SBC General (1/4/87)	938.20	944.13	944.03	1088.28	31/1	888.10	13/7
Taiwan							
WeightedPr.(30/6/66)**	6999.23	6928.58	6895.93	7040.52	29/8	5194.63	19/3
Thailand							
Bangkok SET (30/4/75)	1508.85	1525.56	1532.41	1753.73	4/1	1198.59	4/4
Turkey							
Istanbul Cmp.(Jan 1986)	24515.9	24200.3	24347.9	28883.60	13/1	12980.70	24/3
WORLD							
MS Capital Int (1/1/70)$	635.5*	638.6	637.8	644.00	2/9	591.60	4/4
CROSS-BORDER							
Eurotrack 100(26/10/90)	1370.03	1380.01	1371.13	1540.19	31/1	1303.48	21/6
Euro Top-100 (26/6/90)	1204.80	1215.28	1210.34	1311.01	2/2	1143.86	21/6
JCapelDrgns (31/12/88)	(u)	347.09	347.72	385.19	5/1	290.28	21/3
Barings Emerg.(7/1/92)	188.15	185.32	184.21	188.15	9/9	141.65	21/4

** Sat Sep 3. Taiwan Weighted Price 6951.25. Korea Comp Ex 947.88. Base values of all indices are 100 except: Australia All Ordinary and Mining - 500; Austria Traded, BEL20, HEX Gen., MIB Gen., SBF250, CAC40, Euro Top-100, ISEQ Overall; Toronto Comp./Metals & Minerals and DAX - 1,000; JSE Gold - 255.7; JSE 20 Industrials - 264.3; NYSE All Common - 50 and Standard and Poor's - 10. $$ Montreal. ♦ Toronto. (c) Closed. (u) Unavailable. ‡ IBIS/DAX after-hours index Sep 9 - 2135.38 -22.52.

■ CAC-40 STOCK INDEX FUTURES (MATIF)

	Open	Sett Price	Change	High	Low	Est. vol.	Open int.
Sep	1993.0	1951.0	-39.0	2002.0	1952.0	28,645	36,957
Oct	2003.0	1960.5	-39.5	2009.5	1964.6	-	3,206
Dec	2022.0	1980.0	-39.0	2027.0	1987.0	245	13,505

Open interest figures for previous day.

US INDICES

Dow Jones	Sep 9	Sep 8	Sep 7	1994 High	1994 Low	Since compilation High	Since compilation Low
Industrials	3908.46	3886.25	3898.70	3978.36 (31/1)	3593.35 (4/4)	3978.36 (31/1/94)	41.22 (2/7/32)
Home Bonds	97.96	97.98	98.18	105.81 (21/1)	96.43 (13/5)	108.77 (18/10/93)	54.99 (1/10/81)
Transport	1613.48	1617.82	1624.98	1862.29 (2/2)	1546.02 (20/4)	1862.29 (2/2/94)	12.32 (8/7/32)
Utilities	183.17	182.77	183.69	227.06 (3/1)	176.71 (24/6)	256.46 (31/8/93)	10.50 (8/4/32)

DJ Ind. Day's high 3926.96 (3920.90) Low 3872.46 (3860.86) (Theoretical♣)
Day's high 3911.16 (3903.41) Low 3883.22 (3861.54) (Actual♣)

Standard and Poors	Sep 9	Sep 8	Sep 7	1994 High	1994 Low	Since compilation High	Since compilation Low
Composite ‡	473.14	470.96	471.86	482.00 (2/2)	438.92 (4/4)	482.00 (2/2/94)	4.40 (1/6/32)
Industrials♥	557.43	554.08	554.61	560.59 (2/2)	510.05 (21/4)	560.59 (2/2/94)	3.62 (21/6/32)
Financial	46.10	46.11	46.27	48.94 (14/6)	41.39 (4/4)	48.49 (28/6/93)	8.64 (1/10/74)
NYSE Comp.	260.82	258.70	260.11	267.71 (2/2)	243.14 (4/4)	267.71 (2/2/94)	4.46 (25/4/42)
Amex Mkt Val	455.51	455.32	456.00	487.89 (2/2)	432.67 (28/6)	487.89 (2/2/94)	29.31 (9/12/72)
NASDAQ Cmp	769.30	764.28	759.46	803.93 (18/3)	693.79 (24/6)	803.93 (18/3/94)	54.87 (31/10/72)

■ RATIOS

	Sep 2	Aug 26	Aug 19	Year ago
Dow Jones Ind. Div. Yield	2.63	2.64	2.73	2.80
	Sep 7	Aug 31	Aug 24	Year ago
S & P Ind. Div. yield	2.37	2.33	2.37	2.46
S & P Ind. P/E ratio	20.96	21.11	20.73	27.86

■ STANDARD AND POORS 500 INDEX FUTURES $500 times index

	Open	Latest	Change	High	Low	Est. vol.	Open int.
Sep	469.50	468.40	-4.50	469.60	468.10	42,934	121,576
Dec	475.20	470.70	-4.55	475.75	470.25	81,761	130,015
Mar	474.00	474.30	-4.40	474.50	474.00	78	4,599

Open interest figures are for previous day.

■ NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Close price	Change on day
Pac G E	4,687,800	23⅞	-⅛
Hanson	4,670,100	10⅛	-⅛
Wal-Mart	3,825,300	25	+⅜
Chrysler	3,812,100	48	-⅜
Philip Morris	3,325,500	61¼	+½
Natl Semi	3,127,000	17¾	+¼
Telefonos	2,781,800	64½	+½
Glaxo	2,688,500	18⅝	-⅛
K Mart	2,685,200	16	+⅛
20th Century	2,505,800	6½	-3⅛

■ TRADING ACTIVITY

● Volume (million)	Sep 8	Sep 7	Sep 6
New York SE	294.915	280.300	201.160
Amex	16.068	16.454	12.711
NASDAQ	273.931	253.089	167.857
NYSE			
Issues Traded	2,864	2,872	2,842
Rises	1,316	1,022	963
Falls	808	1,104	1,130
Unchanged	740	746	749
New Highs	62	52	45
New Lows	27	26	34

† Correction. * Calculated at 15.00 GMT. ● Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. ♣ The DJ Ind. index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). ♥ Subject to official recalculation.

WORLD STOCK MARKETS

AMERICA

Ill-prepared Dow slumps on PPI data

Wall Street

US share prices tumbled yesterday morning on news of a sharp increase in producer prices last month, *writes Frank McGurty in New York*.

By 1 pm, the Dow Jones Industrial Average was 35.33 lower at 3,873.13, after recovering somewhat from its worst level of the session. The Standard & Poor's 500 was down 4.52 at 468.62, reflecting the broad base of the sell-off. Declining issues outnumbered advances on the Big Board by a four-to-one margin. Volume was moderate, with 171m shares traded by early afternoon.

The secondary markets fared only a little better than the NYSE. The American SE composite was off 1.34 at 454.17, and the Nasdaq composite shed 4.79 to 764.51.

In spite of indications to the contrary, the market was ill prepared for the bad news on inflation delivered by the Labor Department. Stocks across the board went into a tail-spin as trading opened, with investors jolted by the announcement of a 0.6 per cent increase in the August producer price index. A 0.5 per cent gain was forecast.

Before the session began, the strong reading set off alarm in the bond market, where a wave of selling pushed the yield on the benchmark 30-year Treasury to just under 7.70 per cent, its highest level since mid-July.

After sliding more than 40 points in the first hour, the Dow industrials were able to stabilise and retrace some lost ground.

Still, as the afternoon commenced, 25 out of the index's 30 components were showing losses, four were unchanged and a single stock – General Electric – was clinging to a slender gain.

Rate-sensitive stocks were among the hardest hit, as some investors feared higher inflation would bring forward the Federal Reserve's next tightening of monetary policy.

In banking, Bankers Trust dropped $1 to $70¾, JP Morgan retreated $1 to $63⅞ and Wells Fargo shed $1⅞ to $154⅞. Among securities houses, Merrill Lynch fell $1 to $37¾ and Morgan Stanley $1 to $66⅞.

In retailing, JP Penney slumped $1⅛ to $53⅜ and Gap Stores retreated $1 to $36⅞.

A 10 per cent decline in USAir's share valuation was unrelated to the day's economic developments. The issue was marked down $⅝ to $6 the morning after one of the carrier's domestic flights crashed near Pittsburgh, killing 131 passengers and crew members.

CBS was one of the few bright spots in a generally dismal market. The media group climbed $9⅛ to $345 on stepped-up takeover speculation.

Canada

Toronto was in retreat at midday, shaken by the US producer prices which awakened dormant inflation fears.

The TSE 300 composite index fell 28.75 to 4,325.63 in volume of 30.40m shares. Declines outpaced advances 343 to 240, with 253 issues flat.

Interest-sensitive financial services fell 42.89, or 1.4 per cent, to 3,045.95.

Brazil

São Paulo rose 2.2 per cent in moderate midday trade, still optimistic about Mr Fernando Henrique Cardoso's presidential candidacy. The Bovespa index put on 1,152 to 53,873 at 1300 local time in turnover of R$232.7m ($628.1m).

Analysts noted that the market was keeping a close eye on the commercial foreign exchange market where the real was up 1.5 per cent against the US dollar to the highest level since it was introduced on July 1.

Telecom leaves Tokyo wary of over-supply

Emiko Terazono says that the Japan Tobacco listing is likely to be another casualty

Not only has last week's listing of Japan Telecom, the country's third largest telecommunications operator, left investors sitting on losses, but it has also triggered worries among investors towards future initial public offerings.

As a result, the biggest casualty is likely to be Japan Tobacco, which floats more than Y900bn worth of stock next month. What worries investors is that together with Japan Telecom, the listing will inject more equity into the market than investors can handle.

The concern is that the Telecom listing has come at a time when underlying confidence has been weakened and the supply and demand situation has deteriorated. Such worries stem from continuing sales of shares by companies and banks, which want to spruce up their profits ahead of half year book closing at the end of the month. Another concern is that overseas investors, the biggest buyers in the stock market rally earlier this year, have started to question valuations of Japanese shares.

Banks have been especially active in the half-year end selling spree this year, partly due to recent weakness in the bond market. As fund procurement rates have risen in tandem with the increase in long term interest rates, profit margins have been squeezed. The stagnant demand for loans has also prompted lower profit margins as some banks have been forced to "dump" loans to companies. The decline in profits from loans, as a result, has forced financial institutions to turn to the stock market for profits.

On the demand side, domestic institutions, which were expected to come back to the market earlier this year, have remained cautious, although public pension and insurance funds have been pumped into the market by the government to support prices. Some blame the high valuations of stock prices, whils others argue that the chances of a triple dip in the economy are still high.

The reversal in sentiment among overseas investors has been the fundamental factor in the weakness in demand. Foreigners were the main buyers of Japanese stocks due to expectations of a recovery in earnings and the economy. However, many fund managers have lost their patience over the lack of movement in prices, especially with a price/earnings ratio of more than 90 times for the Nikkei.

"Foreigners who started buying shares around 16,000 are questioning the extent of the recovery discounted into current share prices," says Mr Jason James, strategist at James Capel. He adds that European and US investors are once again looking to shift to the US and markets in south east Asia.

While earlier this year many overseas investors were expecting a sharp earnings recovery due to restructuring and the fall in depreciation costs, opposition to this theory is asserting itself.

Mr Alexander Kinmont, strategist at Morgan Stanley who is forecasting a mere 8.3 per cent rise in profits for the current year to next March, argues that the effects of cost cutting will be muted since Japanese style restructuring still frowns on aggressively cutting overhead.

He maintains that since depreciation only accounted for 3.27 per cent of non-financial companies' sales in 1987 and 3.60 per cent last year, it can hardly be the main reason for the profits plunge, while a decline in depreciation over the next few years does not necessarily point to a sharp recovery in corporate earnings, as some foreigners had hoped.

However, analysts are divided on the outlook for corporate earnings. Mr James sees a 15 per cent rise in consolidated pre-tax profits for the current business year and expects companies to revise their profit projections upward in the coming earnings announcement season in November.

Some investors seem to agree with such views and stocks that are usually active at the start of the earnings cycle have started to move. Basic materials such as steels, cement and paper have gained ground and could receive a further boost later in the cycle as commodity prices rise.

Mr Alan Livsey, strategist at Kleinwort Benson, believes that foreigners, many of whom made the mistake of selling their holdings last autumn, do not want to take the risk of making the same mistake again.

He says there is a historical case for not selling now. Looking back a few decades, investors in the Tokyo market who have bought in November and sold in May have seen far higher profits than those who have bought in May and sold in October.

Meanwhile, fears over Tobacco persist among many investors. The bear argument over the negative impact of the two JTs triggering another downward spiral is supported by Nikko Research Institute, which claims that share prices are placed under extreme pressure when equity financing by listed companies is greater than 15 times the average daily turnover. The extra injection of funds from the two issues will raise a total Y5,700bn, substantially more than 15 times the current daily activity.

Mr James says, however, that investors, who have learned their lesson from the East Japan Railway fiasco last year, have been selling futures to hedge their portfolios ahead of the Tobacco listings, prompting arbitrage unwinding.

The Tobacco flotation on October 27 will not cause the market to plunge like last year's JR East listing, and could eventually trigger a rally. Although the Nikkei index is likely to move in the 19,000-20,000 range over the next month, share prices are likely to recover in November, as hedging in the futures is unwound by institutions and with the expected spate of upward earnings revisions following the listing.

EUROPE

Shock leaves brokers scrambling to unload

The shock delivered to currency and bond markets by the US PPI figures reverberated through the continent's equity bourses, *writes Our Markets Staff*. Brokers in Madrid, unhealthily sensitive to stimuli recently, may have been glad that bourse was closed for a holiday.

FRANKFURT ignored a weak bond market during the session to close the Dax index 12.78 higher at 2,185.15, just 0.9 per cent down on the week; after the US PPI news, traders scrambled to unload positions ahead of the weekend and the Ibis-indicated Dax dropped to 2,155.58, 2.7 per cent lower than it was seven days earlier.

The afternoon's big falls came in the senior, most liquid blue chips: Allianz ended at DM2,428 after a session rise of DM23 to DM2,480; Deutsche Bank, at DM719.50 after DM9.20 to DM732; and Daimler, at DM825.10 after DM840, up DM7. There were similar performances from Siemens and Volkswagen.

Variations on the theme included;

- Metallgesellschaft, weak on the session on a newspaper report that restructuring costs had eroded part of its capital, matching its year's low of DM175 in the post-bourse before ending at DM179;
- Lufthansa, losing its pre-privatisation support on the session to close DM9 lower at DM197, but actually recovering to DM200 after hours; and
- SAP, the computer software group, soon to be traded on Ibis, up DM23 to DM803 on the session on the strength of this but, fortunately, not traded in yesterday's post-bourse.

PARIS peaked at 1,993.47 and when the CAC 40 index dropped an initial 1.5 per cent in mid-afternoon on the US data, the French market still tried to run its winners.

However, the CAC 40 carried on down, closing 2.2 per cent off its peak and 34.57 down on the day at 1,948.83, 3.5 per cent lower on the week; and the general run of its outperformers lost their early enthusiasm.

Retailers still had some steam in them. Docks de France, which had a flurry 10 days ago on renewed rumours of a takeover bid by Sainsbury, the UK supermarketeer, climbed another FFr20 to FFr797 after a block trade took 300,000 shares, or 2.5 per cent of its capital, through the market at FFr800.

What dealers described as an upbeat outlook for the retailing sector also lifted Comptoirs Modernes by FFr35 to FFr1,475; after hours, it produced half year results which seemed more or less as expected.

Turnover was FFr4.1bn. Of the CAC 40 stocks, 39 fell and one was unchanged. One of the biggest losers was Schneider, the electrical group, which added the Belgian legal tribulations of its chairman to the general malaise and dropped FFr12.10 to FFr387.40.

AMSTERDAM turned lower as worries about higher inflation and interest rates were revived. The AEX index fell 2.65 to 413.19, for a 1.8 per cent fall on the week.

Heineken, the brewer, jumped Fl 7, or 2.9 per cent, to Fl 244.50 after its first half figures came in above expectations and the group forecast higher full year profits. However, analysts noted that the rise was exaggerated by a shortage of sellers.

HBG, the construction group, added Fl 4.50 to Fl 300.00 after reporting higher first half net profits.

Royal Dutch fell Fl 2.70 to Fl 194.90, dragged down by the lower dollar, while Akzo, the chemical group, lost Fl 4.40 to Fl 212.70.

ZURICH turned back after a firmer start in growing turnover with investors anxious to square positions ahead of a long holiday weekend. The SMI index lost 22.0 to 2,642.1, for a 1.1 per cent fall on the week.

Roche certificates gave up SFr140, or 2.2 per cent, to SFr6,185 after their firm performance earlier in the week, and Ciba was marked SFr14 lower to SFr790.

Nestlé, which is to buy Unilever's German ice cream business, lost SFr12 to SFr1,217.

Against the trend, Ascom bearers built on Thursday's 5.3 per cent jump, in the wake of results, with a further SFr55 or 3.5 per cent rise to SFr1,645.

MILAN saw early gains erased as the market took its cus from other bourses, and with the absence of the prime minister from the day's cabinet meeting adding to worries over the cabinet's cohesion, and its ability to act decisively to cut the budget deficit.

The Comit index fell 2.63 to 662.53, for a 3.3 per cent fall on the week; but the real-time Mibtel index, reflecting the market's late weakness, fell 1.8 per cent to 10,447 after a day's high of 10,700.

Olivetti group shares were under pressure after news that police had seized documents from the treasury ministry relating to a bid made by the company for the supply of computers. Olivetti was L81, or 3.9 per cent, lower at L2,006 and Cir, the holding company, gave up L58 to L1,983.

Insurers contained losses on expectations that they will benefit from government plans to reform pensions. Ras was L258 lower at L23,843 and Generali was L431 down at L40,796.

BRUSSELS saw strong first half figures from Union Minière and the polyurethane foam maker, Recticel, and the broad market fared better than most.

The Bel-20 index ended down 5.66 at 1,453.99, above its low of 1,449.28 and down 1.9 per cent on the week, in turnover of about BFr1.20bn.

Written and edited by William Cochrane and Michael Morgan

FT-SE Actuaries Share Indices

Sep 9 — THE EUROPEAN SERIES

Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FT-SE Eurotrack 100	1388.18	1386.71	1387.54	1388.28	1387.45	1379.98	1370.49	1370.03
FT-SE Eurotrack 200	1434.04	1436.33	1437.38	1438.39	1436.92	1427.01	1419.24	1416.30

	Sep 8	Sep 7	Sep 9	Sep 5	Sep 2
FT-SE Eurotrack 100	1380.01	1371.13	1371.03	1380.11	1401.86
FT-SE Eurotrack 200	1431.14	1429.33	1427.57	1438.12	1451.57

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ASIA PACIFIC

Nikkei finishes at four-month low

Tokyo

Share prices lost ground after a morning rally, and the Nikkei average closed 3.7 per cent lower on the week after five consecutive days of losses, *writes Emiko Terazono in Tokyo*.

The Nikkei 225 index fell 19.90 to 19,897.88, the lowest close since May 9, having recovered the 20,000 level during the morning session, with a day's high of 20,150.93. However, late arbitrage selling and a fall in telecommunication stocks depressed the index to a low of 19,853.17 in the afternoon.

Volume totalled 585m shares against 304m. Activity surged at the outset due to settlements for futures and options trading. The Topix index of all first section stocks rose 4.29 to 1,586.60 and the Nikkei 300 added 0.79 to 288.88. Gainers led losers by 556 to 415 with 228 issues remaining unchanged.

In London, thew ISE/Nikkei index fell 1.69 to 1,291.00.

Overseas investors were seen stepping up selling in the afternoon. Traders said some foreigners, who bought Japanese shares earlier this year were shifting their portfolios to the US and Hong Kong because of the lack of movement in the Tokyo market.

Japan Telecom fell Y60,000 to Y4.4m. Other telecommunication sector shares were also weak, with DDI down Y5,000 to Y907,000 and Nippon Telegraph and Telephone losing Y1,000 to Y885,000.

Fuji Photo Film, the film maker, gained Y50 to Y2,230 on reports that the company had developed a floppy disk with a large storage capacity.

In Osaka, the OSE average rose 34.40 to 22,249.92 in volume of 26.6m shares. Aoyama Trading, the men's suits maker, rose Y50 to Y3,750.

Roundup

Profit-taking was one reason why a number of the regions markets fell yesterday. Bombay was closed for a public holiday.

SYDNEY, already weak, slipped further after the diversified manufacturer, Pacific Dunlop, reported an annual profit at the lower end of market expectations. The All Ordinaries index closed 18.6 lower at 2,070.6, 1.7 per cent lower on the week.

Pacific Dunlop lost 12 cents at A$4.10. Its results were coupled with the continuing sell-off of BTR Nylex as major influences as the market dipped near the close. BTR Nylex fell 21 cents to A$2.67.

BANGKOK fell on selling by retail investors ahead of the reopening of parliament next week, the SET index closing 16.71 lower at 1,508.85, 2 per cent lower on the week, in turnover of Bt10.51bn.

The finance sector, which shed 0.5 per cent, was the most active in Bt1.6bn billion baht. There was some talk of a possible interest rate rise by commercial banks.

HONG KONG's Hang Seng index slipped 5.96 to 10,145.02, 2.5 per cent up on the week, but the spotlight again focused on mainland Chinese companies. The H share index tumbled 38.52, or 2.5 per cent to at 1,478.09, on profit-taking. On the week, the index was up 8 per cent and brokers said that they did not expect the consolidation period to last long. This week's rises were attributed to buying by overseas funds, and a follow-through from speculative demand.

SINGAPORE closed easier but off the day's lows, the Straits Times Industrials Index ending 4.27 lower at 2,299.96, mainly on selling of shipyard stocks. The index was 1.3 per cent down on the week.

SEOUL hit profit-taking and the composite index lost 6.64 to 984.80 after peaking at 1,002.72 in early trade. The index still finished 4.3 per cent better on the week.

TAIPEI was nervous because of confusion over government policy toward liquidity, but the weighted index managed to close up 58.62 at 6,987.20 in thin turnover, down 0.3 per cent on the week.

SOUTH AFRICA

Johannesburg saw further profit-taking in fairly quiet trade as the market continued its correction from recent highs. Golds gave up 13 to 2,463, industrials fell 22 to 6,617 and the overall index was 52 lower at 5,955. De Beers fell 25 cents to R110.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Ltd., Goldman, Sachs & Co. and NatWest Securities Ltd. in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS (Figures in parentheses show number of lines of stock)	THURSDAY SEPTEMBER 8 1994: US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	WEDNESDAY SEPTEMBER 7 1994: US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	DOLLAR INDEX: 52 week High	52 week Low	Year ago (approx)
Australia (68)	176.67	-0.9	169.47	111.01	142.94	157.66	-1.1	3.48	178.30	170.90	111.64	143.56	159.69	188.15	139.24	144.17
Austria (17)	195.93	-0.3	187.95	123.11	158.52	158.47	0.2	1.01	196.62	188.45	123.00	158.30	158.22	196.62	164.64	173.39
Belgium (37)	174.26	-1.0	167.16	109.49	140.96	137.78	-0.5	4.01	175.96	168.65	110.07	141.66	138.43	177.04	143.62	146.62
Canada (104)	135.95	0.3	130.41	85.42	109.99	134.76	0.3	2.49	135.53	129.91	84.78	109.12	134.31	146.31	120.54	122.93
Denmark (33)	254.50	-0.4	244.12	159.91	205.90	213.13	0.0	1.39	255.60	244.99	159.90	205.78	213.16	275.79	223.94	230.07
Finland (24)	177.62	-0.4	170.37	111.60	143.70	188.28	-0.1	0.74	178.37	170.96	111.56	143.60	188.43	179.20	104.28	108.48
France (97)	173.31	0.5	166.24	108.89	140.22	144.96	0.9	3.04	172.51	165.35	107.92	138.89	143.68	185.37	158.34	167.86
Germany (58)	147.92	-0.1	141.89	92.94	119.68	119.68	0.3	1.72	148.13	141.98	92.67	119.26	119.26	149.54	124.39	126.49
Hong Kong (58)	415.99	0.1	399.04	261.38	336.57	412.69	0.1	2.97	415.53	398.29	259.95	334.55	412.26	506.56	292.06	302.14
Ireland (14)	213.73	-0.5	205.02	134.29	172.92	197.59	-0.4	3.22	214.88	205.96	134.42	173.00	198.36	216.60	161.54	169.99
Italy (59)	80.68	1.1	77.39	50.69	65.27	96.29	1.3	1.68	79.81	76.50	49.93	64.26	94.04	97.78	57.98	73.40
Japan (469)	158.79	-0.7	152.32	99.77	128.47	99.77	-0.3	0.77	159.95	153.31	100.06	128.79	100.06	170.16	124.54	158.28
Malaysia (97)	577.58	1.3	554.04	362.91	467.30	568.90	1.5	1.46	569.95	546.30	356.55	458.88	560.60	621.83	392.03	407.42
Mexico (18)	2279.68	1.4	2186.74	1432.37	1844.37	8470.72	1.4	1.21	2247.53	2154.23	1405.99	1809.48	8351.24	2647.08	1615.11	1771.56
Netherland (27)	216.74	-0.5	207.91	136.19	175.36	172.65	0.0	3.32	217.75	208.72	136.22	175.32	172.58	218.19	180.25	182.90
New Zealand (14)	75.28	-0.1	72.21	47.30	60.91	66.07	0.2	3.62	75.34	72.22	47.13	60.66	65.95	77.59	59.22	61.77
Norway (23)	205.79	-0.8	197.37	129.28	166.47	191.11	-0.5	1.73	207.74	199.11	129.95	167.25	192.11	211.74	165.52	171.69
Singapore (44)	363.80	-1.2	348.97	228.59	294.34	251.39	-1.3	1.69	368.42	353.13	230.47	296.62	254.65	378.92	285.31	290.39
South Africa (59)	311.73	-0.8	299.02	195.87	252.20	307.76	-0.8	2.06	314.24	301.19	196.58	252.99	310.27	314.24	175.98	175.98
Spain (42)	141.60	2.3	135.73	88.91	114.48	136.76	2.5	4.16	138.33	132.59	86.54	111.37	135.34	155.79	128.88	139.94
Sweden (36)	223.23	0.1	214.19	140.26	180.61	252.43	0.3	1.58	223.04	213.79	139.53	179.58	251.76	231.35	175.63	186.83
Switzerland (47)	168.99	-0.6	160.19	104.92	135.18	134.99	0.0	1.80	167.94	160.96	105.06	135.20	134.89	176.56	135.70	136.19
United Kingdom (204)	200.68	-0.8	192.48	126.08	162.35	192.48	-0.7	3.92	202.26	193.86	126.53	162.84	193.86	214.98	161.11	190.51
USA (517)	192.98	0.4	185.11	121.25	156.16	192.98	0.4	2.61	192.15	184.17	120.20	154.70	192.15	196.04	178.95	186.62
EUROPE (718)	174.13	-0.2	167.03	109.41	140.88	156.03	0.1	2.97	174.88	167.31	109.20	140.54	155.94	178.59	153.98	157.54
Nordic (116)	218.58	-0.2	209.65	137.33	176.83	211.09	0.1	1.40	218.99	209.89	136.99	176.30	210.88	222.03	173.15	177.60
Pacific Basin (749)	169.60	-0.8	162.68	106.56	137.21	111.35	-0.2	1.06	170.64	163.56	106.75	137.36	111.63	176.86	134.79	162.53
Euro-Pacific (1466)	171.38	-0.5	164.40	107.68	138.66	129.02	-0.1	1.89	172.17	165.02	107.70	138.61	129.17	175.14	143.86	160.47
North America (621)	189.44	0.4	181.71	119.03	153.26	188.96	0.4	2.79	188.63	180.80	118.00	151.87	188.16	192.73	175.67	182.69
Europe Ex. UK (514)	156.06	0.1	149.70	98.06	126.26	134.61	0.5	2.41	155.93	149.46	97.55	125.54	133.91	158.12	134.97	137.07
Pacific Ex. Japan (279)	273.01	-0.1	261.88	171.54	220.88	242.71	-0.1	2.87	273.13	261.80	170.87	219.90	242.86	298.21	200.13	205.51
World Ex. US (1647)	173.18	-0.4	166.18	108.82	140.12	132.94	-0.1	1.99	173.91	166.69	108.79	140.01	133.07	178.95	146.56	160.35
World Ex. UK (1960)	176.58	-0.1	169.38	110.95	142.86	147.42	0.2	2.04	176.66	169.32	110.51	142.23	147.16	178.59	153.96	165.94
World Ex. So. Af. (2105)	177.86	-0.1	170.61	111.78	143.90	150.32	0.1	2.22	178.06	170.67	111.39	143.35	150.17	180.03	158.54	168.15
World Ex. Japan (1695)	191.22	0.1	183.43	120.15	154.71	182.17	0.2	2.82	190.97	183.05	119.47	153.75	181.73	195.20	174.04	175.36
The World Index (2164)	178.71	-0.1	171.42	112.29	144.58	151.46	0.1	2.22	178.92	171.49	111.93	144.05	151.33	180.60	158.85	168.10

Latest prices were unavailable for this edition.

LONDON EQUITIES

LIFFE EQUITY OPTIONS

[illegible]

RISES AND FALLS

	On Friday: Rises	Falls	Same	On the week: Rises	Falls	Same
British Funds	0	84	6	94	199	57
Other Fixed Interest	0	15	0	13	38	24
Mineral Extraction	50	71	77	320	268	402
General Manufacturers	92	173	379	523	788	1,909
Consumer Goods	26	50	111	148	237	550
Services	72	123	305	417	478	1,613
Utilities	4	32	8	69	111	45
Financials	44	135	187	333	517	988
Investment Trusts	33	213	221	208	699	1,428
Others	36	50	18	150	240	150
Totals	357	926	1,313	2,275	3,575	7,166

Data based on those companies listed on the London Share Service.

TRADITIONAL OPTIONS

First Dealings	August 22	Expiry	November 24
Last Dealings	September 8	Settlement	December 8

Calls: BTR Wts '97, Cons Murchison, CPL-Aramos, Harrington Kilbride, Navan Res, Takare, Tullow Oil, Wills Grp. Puts: BTR Wts '97.

LONDON RECENT ISSUES: EQUITIES

Issue price p	Amt paid up	Mkt. cap (£m.)	1994 High	1994 Low	Stock	Close price p	+/-	Net div.	Div. cov.	Grs yld	P/E net
-	F.P.	19.9	89	79	Baillie G Shn Wts	79		-	-	-	-
100	F.P.	18.8	102	99	Beacon Inv Tst	98	-2	-	-	-	-
-	F.P.	1.60	48	42	Do. Warrants	42	-3	-	-	-	-
-	F.P.	1.30	1½	1	Cont'l Foods Wts	1¼		-	-	-	-
-	F.P.	31.1	94	88	INVESCO Jpn Disc	89	-1	-	-	-	-
-	F.P.	3.29	50	42	Do. Warrants	47	-1	-	-	-	-
-	F.P.	-	77	63	JF Fl Japan Wts	63	-1	-	-	-	-
-	F.P.	24.4	59½	35	‡Magnum Power	58½	+2½	-	-	-	-
23	F.P.	10.6	31	29	Orbis	29		-	-	-	-
-	F.P.	0.60	17	5½	Panther Wrts.	17		-	-	-	-
-	F.P.	0.85	40	27	Petrocelic	27	-1	-	-	-	-
-	F.P.	3.97	44	34	Suter Wrts 99/04	34	-5	-	-	-	-
100	F.P.	3.81	105	97	TR Euro Gth Ptg	105		-	-	-	-
-	F.P.	2.33	35	28	Tops Ests Wrts	29		-	-	-	-

RIGHTS OFFERS

Issue price p	Amount paid up	Latest Renun. date	1994 High	1994 Low	Stock	Closing price p	+or-
380	Nil	21/10	48pm	46pm	EMAP	48pm	
32	Nil	3/10	1½pm	½pm	Raglan Props	1½pm	

FINANCIAL TIMES EQUITY INDICES

	Sep 9	Sep 9	Sep 7	Sep 6	Sep 5	Yr ago	*High	*Low
Ordinary Share	2426.8	2454.5	2475.7	2478.9	2512.2	2365.3	2713.6	2240.6
Ord. div. yield	4.19	4.15	4.12	4.12	4.07	8.94	4.48	3.43
Earn. yld. % full	6.03	5.98	5.93	6.92	5.85	4.65	6.03	3.82
P/E ratio net	17.73	17.89	18.04	18.06	18.28	27.46	33.43	17.73
P/E ratio nil	18.32	18.49	18.63	18.66	18.89	25.36	30.60	18.32

*For 1994. Ordinary Share index since compilation: high 2713.6 2/02/94; low 49.4 26/6/40
FT Ordinary Share index base date 1/7/35.

Ordinary Share hourly changes

Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High	Low
2457.0	2452.3	2451.8	2458.7	2462.2	2457.7	2444.5	2429.0	2425.1	2463.1	2422.4

	Sep 9	Sep 8	Sep 7	Sep 6	Sep 5	Yr ago
SEAQ bargains	26,870	27,448	27,583	27,677	29,703	27,518
Equity turnover (£m)†	-	1306.2	1363.5	1399.2	1292.6	1368.1
Equity bargains†	-	29,527	30,307	31,182	33,099	31,846
Shares traded (ml)†	-	545.6	588.5	583.3	607.3	561.6

†Excluding intra-market business and overseas turnover.

FT GOLD MINES INDEX

[illegible]

LONDON SHARE SERVICE

BANKS

	Notes	Price	+ or -	1994 high	1994 low	Mkt Cap£m	Yld Gr's	P/E
ABN Amro Fl		£22⅞	-⅛	£23½	£20¾	6,635	5.1	ф
ANZ A$		185	—	278¼	179¼	2,475	5.2	27.7
Abbey National	†N☐	395xd	-13	523	381	5,195	4.9	13.3
Allied Irish I£	♣†N☐	257xd	-2	314	234	1,688	4.9	9.9
Anglo Irish I£	N☐	60	-1	*70	50	206.5	7.2	11.9
Asahi Y		675½	+11½	819¼	628	15,677	0.7	ф
Banco Bil Viz Pta		£15¾	+⅛	£16⅞	£14½	3,500	5.5	6.7
Banco Sant Pta		£28⅛	—	*£30½	£23⅞	3,948	3.5	9.1
Bk Ireland I£	♣☐	285	-3	*310	246	1,348	4.6	8.3
Bank Scotland	♣†N☐	205½	-5½	247	172½	2,408	3.1	16.9
9¼pc Pf		112½	-¼	147½	112	112.5	10.3	–
9¾pc Pf		117½	-¼	148½	117½	117.0	10.4	–
Barclays	♣†N☐	585xd	-1	640	487	9,516	3.6	16.0
Dai Ichi Kan Y		£11¼	-⅛	£12¾	£10⅜	35,065	0.5	–
Deutsche DM		£302⅜	+3⅜	£344¼	£270⅜	14,408	2.3	–
Espirito Santo		£10⅜	+⅛	*£13⅛	£9⅞	224.1	3.7	6.2
First Nat Fin	N☐	71	—	*90	60	119.8	2.6	–
6.3pc Cv Pf		77	—	*90	77	8.18	10.2	–
7pc Cv Pf		128	—	171	123	60.7	6.8	–
Fuji Bank 7		1347¼	+6¼	1549¼	1152½	39,048	0.4	ф
HSBC HK	†N☐	768xd	-16	1133	680	13,440	4.6	11.1
HSBC (75p Shs)	†N☐	748xd	-18	1113	660	6,358	4.1	10.8
Lloyds	†N☐	552xd	-16	680	518	7,148	6.2	10.9
Mitsubishi Y		£15⅜	+⅛	£18⅜	£15⅞	45,080	0.4	ф
Mits 1st & Bk 7		890	+11	1162¼	697½	10,663	0.6	19.8
Mitsui Tst & Bk Y		711¼	+40¼	879	614	8,622	0.8	23.4
Nat Aust A$	†	484	-7	620¼	469¼	6,612	6.7	10.3
NatWest	†N☐	500xd	-7	622	421	8,474	4.8	8.8
Ottomano FFr		522	+½	290	221¼	110.0	8.8	ф
Ryl Bk Scotland	♣†N☐	421	-15	529	377½	3,398	2.8	19.0
Sakura Y		£8¾	-⅛	£9⅞	£8⅛	28,961	0.6	52.7
Sanwa 7		£12⅜	+⅛	£15⅛	211¼	35,421	0.8	–
Standard Chartd.	†N☐	271xd	-2	*359¼	222	2,804	2.9	9.3
7 3/8pc Prf		83¼xd	-½	108½	83¼	83.2	11.1	–
Sumitomo Y		£11⅞	-⅛	£16⅛	211½	37,334	0.8	24.7
Sumitomo Tst Y		860¼	+22½	1148½	625	10,705	0.8	ф
TSB	†N☐	221xd	-6½	291	197	3,363	4.6	11.1
Tokai 7		£7⅜	-⅛	£9	£6⅝	15,995	0.7	48.1
Toyo Tst & Bk Y		714½	-6	852	596¼	5,610	0.7	31.7
Westpac A$		215	—	280	194	3,918	2.5	ф
Yasuda Tst Bk 1	‡	521¼	-6	698	442	5,730	1.8	45.0

BREWERIES

	Notes	Price	+ or -	1994 high	1994 low	Mkt Cap£m	Yld Gr's	P/E
Ascot Hldgs	☐	3¼	—	10¼	3¼	16.8	–	–
Bass	†N☐	572	-2	618	485	4,967	4.6	16.9
Boddington	†N☐	281	—	299	250	340.9	3.7	19.1
Burtonwood	N	162	—	198	160	39.6	3.3	16.8
Eldridge Pope A	♣†N	159	—	181	142	30.8	2.9	21.9
Fosters A$		57	—	65	46¼	1,834	5.1	ф
Fuller STA	♣N	408	-9	483	408	83.4	2.4	18.9
Gibbs Mew	♣N	420xd	—	*420	348¼	45.6	2.6	ф
Greenalls	♣†N☐	454	-3	611	398	648.9	3.5	17.4
Greene King	N☐	526	-3	604	452	223.3	3.1	14.7
Grosvenor Inns	♣N	143xd	—	*198	124	19.0	4.2	ф
Hall (A)	N	3743	—	3773	3125	112.3	1.6	31.1

BUILDING & CONSTRUCTION

BUILDING MATS. & MERCHANTS

CHEMICALS

DISTRIBUTORS

DIVERSIFIED INDUSTRIALS

ELECTRICITY

ELECTRONIC & ELECTRICAL EQPT

ELECTRONIC & ELECTRICAL EQPT - Cont.

ENGINEERING

ENGINEERING, VEHICLES

EXTRACTIVE INDUSTRIES

FOOD MANUFACTURERS

GAS DISTRIBUTION

HEALTH CARE

HEALTH CARE - Cont.

HOUSEHOLD GOODS

INSURANCE

INVESTMENT TRUSTS

INVESTMENT TRUSTS - Cont.

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

OTHER INVESTMENT TRUSTS

INVESTMENT COMPANIES

LEISURE & HOTELS

LEISURE & HOTELS - Cont.

LIFE ASSURANCE

MEDIA

MERCHANT BANKS

OIL EXPLORATION & PRODUCTION

OIL EXPLORATION & PRODUCTION - Cont.

OIL, INTEGRATED

OTHER FINANCIAL

OTHER SERVICES & BUSINESSES

PHARMACEUTICALS

PRINTING, PAPER & PACKAGING

PROPERTY

PROPERTY - Cont.

RETAILERS, FOOD

RETAILERS, GENERAL

RETAILERS, GENERAL - Cont.

SPIRITS, WINES & CIDERS

SUPPORT SERVICES

TELECOMMUNICATIONS

TEXTILES & APPAREL

TOBACCO

TRANSPORT

TRANSPORT - Cont.

WATER

AMERICANS

CANADIANS

SOUTH AFRICANS

	Notes	Price	+ or -	1994 high	1994 low	Mkt Cap£m	Yld Gr's	P/E
Anglo Am Ind		£30		£30	£13½	1,966	2.5	22.0
Barlow	Z	84⅝	-⅛	85½	£3½	924.1	8.7	–
Gold Flds Prop R		127xa		128	73	12.6	7.4	ϕ
NK Props.	z	63		58	55	3.42	14.2	ϕ
SASOL	♥	479		483	280	2,722	2.8	–
SA Brews		£12⅜		£15⅜	310	3,287	2.2	20.0
Tiger Oats	†	800		838	538	902.2	2.8	12.7
Tongaat-Hulett	h	561		*616½	395¼	529.5	2.2	16.2

GUIDE TO LONDON SHARE SERVICE

Prices for the London Share Service delivered by Extel Financial, a member of the Financial Times Group.

Company classifications are based on those used for the FT-SE Actuaries Share Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid- prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted for a dividend tax credit of 20 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- □ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ) and non-UK stocks through the SEAQ International system.
- ▪ Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ϕ Figures or report awaited
- ♥ Rule 2.1(a)(V) Overseas incorporated companies listed on an approved exchange.
- ♣ Free annual/interim report available, see details below.
- ✲ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Rule 4.2(a) UK & Irish incorporated non-listed companies.
- ∥ Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue.
- ♦ Merger bid or reorganisation in progress
- § Forecast dividend yield; p/e based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme.

a Yield based on annualised dividend
b Figures based on prospectus or other official estimates.
c Cents.
f Flat yield.
g Assumed dividend yield after rights issue.
h Assumed dividend yield after scrip issue.
n Rights issue pending
q Earnings based on preliminary figures.
s Dividend yield excludes a special payment.
t Indicated dividend yield, p/e ratio based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings.
v Not subject to ACT.
z Dividend yield includes a special payment
F Yield based on prospectus or other official estimates for 1994-95.
G Assumed yield after pending scrip and/or rights issue.
H Yield based on prospectus or other official estimates for 1993.
K Yield based on prospectus or other official estimates for 1994
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other official estimates for 1993-94.
N Figures based on IIMR 'Headline Earnings'
P Figures based on prospectus or other official estimates for 1994.
R Forecast annualised yield, p/e based on prospectus or other official estimates.
T Figures assumed.
W Pro forma figures.
Z Dividend yield to date.

Abbreviations:
xd ex dividend;
xc ex scrip issue;
xr ex rights;
xa ex all;
xf ex capital distribution.

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FINANCIAL TIMES
Weekend September 10/September 11 1994

Asprey's shares plunge as big spenders stay away

By Caroline Southey

Shares in Asprey fell by more than a third yesterday after the exclusive jewellery retailer gave a warning that tbe loss of a few big-spending customers would severely depress its profits.

The shares closed down 110p at 200p after dropping as low as 178p during the day.

Mr Naim Attallah, chief executive, said sales in the core Asprey businesses had fallen dramatically, with the biggest decline in high-value sales to "certain customers in the export market".

"Many beads of states are not spending the kind of money they used to," he said.

"We are still dependent on a few big accounts, and tbe volume of high-value sales has beeo very low so far this year," be said.

Tbere were no signs of an upturn, he added, and the fall in sales would significantly reduce profitability in the first half of the group's financial year.

Asprey's Bond Street shop stocks items including a set of jewellery made from diamoods and Burma rubies retailing for £2m and a pair of life-sized panthers made from oxidised silver offered at £450,000.

The pricea of commissioned items, which accounted for 10 per cent of turnover last year, can be much higher.

Evideoce during the recessioo suggested that even the super-ricb had been discouraged from buying luxury goods while prices in that sector of the market were beld steady by lack of demand.

Although Asprey has sought to expand its customer hase, the core Asprey business contributed 75 per cent of profits and 55 per cent of sales in the year to March 31. The company also owns Mappin & Webb, Garrard and Watches of Switzerland.

Mr Attallah also identified other areas of concern in the group. Garrard, the crown jewellers, had suffered a fall in export sales that was "likely to eliminate its contribution to group profits in the first half".

The contribution from Watches of Switzerland was also likely to be depressed, as overhead spending had exceeded sales growth. The division has opened 10 new outlets since its acquisition by Asprey in 1992.

In the year to March, Asprey reported an 18 per cent increase in pre-tax profits to £25.4m and sales up 30 per cent from £144.7m to £187.6m.

Mappin and Webb opens Prague store, Page 2
See Lex

Gyllenhammar switches to banking after Volvo debacle

By Hugh Carnegy in Stockholm

Ten months after resigning in the aftermath of Europe's most spectacular failed merger, Mr Pehr Gyllenhammar, former chairman of Volvo, has emerged in a new guise as investment banker.

The announcement that he is to move to London to set up an investment bank with Hans-Jörg Rudloff, tbe Euromarkets pioneer, has settled the question of what the former chief of Sweden's biggest manufacturing company would do after the collapse last December of his plans to merge Volvo's car and truck operations with Renault of France.

Mr Gyllenhammar said the bank would offer a traditional service – "very private, very discreet and very focused on the client" – which will operate across Europe.

Yesterday "P.G.", as he is known in Sweden, was in ebullient mood, full of enthusiasm for his new project and insisting that he harboured no bitterness over the shareholder and management revolt that scuppered the merger plan and prompted his resignation after two decades in charge at Volvo.

Mr Gyllenhammar, 59, has avoided – and says he will continue to avoid – talking in detail about the events of last winter. But he did not disguise his criticism of Volvo's snbsequent change of direction, nor did he make much effort to dispel the impression he gave in a recent interview that he believed he was the victim of a "gigantic power play" by the Wallenberg empire to cut Volvo down to size.

Tbe Wallenbergs flatly deny the allegation, which Mr Gyllenhammar has not substantiated.

Volvo has since decided to concentrate on its core business and sell SKr40bn (£3.38bn) worth of non-core businesses built up by Mr Gyllenhammar. He is adamant that his strategy of merging the vehicle operations with Renault and diversifying Volvo into other industries was the best long-term prospect. "I haven't changed my mind. I stand by my conviction that the deal we proposed was a good deal."

He added: "I am looking to the future now. This is a very interesting venture and it is very natural that if I am to be involved I have to be there, on the spot."

Mr Gyllenhammar said he would spend four-fifths of his time working at the as yet unnamed investment bank, which is to be backed by Belgium's Banque Bruxelles Lambert and managed by Mr Rudloff and Mr Peter Ogden, a former director at Morgan Stanley.

Volvo finalises plans, Page 9

Cuba and US reach deal to halt flow of refugees

By James Harding in Washington

The US and Cuba yesterday reached an agreement to halt the flow of Cuban refugees in a move that marks the first measure of co-operation between the two countries since a flood of migrants swept towards Florida last month.

There had been speculation that the talks held in New York for over a week were on the verge of reaching a positive outcome after Mr Mike McCurry, US State Departmeot spokesman, told reporters: "The United States is satisfied that many of our goals have been met at this discussion today."

The talks resumed yesterday after a 24-hour suspension in which Mr Ricardo Alarcon, the former foreign minister and head of the Cuban delegation, returned to Havana for consultations.

"This agreement, when carried ont, will help ensure that the massive flow of dangerous and illegal migration will be replaced by a safer, legal and more orderly process," President Bill Clinton said in a statement issued in New Orleans, where he was making a speech.

The accord was thought likely to include provisions to boost the numbers of Cubans entering the US through legal channels from the current level of less than 4,000 a year to as many as 20,000.

This may involve bending existing US immigration regulations in return for a guarantee from the government of President Fidel Castro that border patrols would stop people trying to flee Cuba on makeshift rafts.

The Cuban side was reported to have originally demanded visas for as many as 120,000 Cubans, and to have sought a commitment from the US to future talks on broader bilateral issues, in particular the 32-year-old US trade embargo against Cuba.

THE LEX COLUMN

Running scared again

It would be nice to dismiss the violent market reaction to yesterday's US producer price data as simply Friday afternoon excess. Excluding food and energy, the August rise was only 0.4 per cent, but there are grounds for concern. First, there is growing evidence that inflationary pressures are building up. As productivity gains associated with the early stages of recovery subside, input price rises may become harder for companies to absorb and will thus feed through more easily to the retail level. Second, yesterday's market reaction shows that European bond markets have still failed to decouple from the US trend.

That is bad for equities, which have managed to advance ahead of bond markets since mid-summer, leaving relative valuations looking stretched. In the UK, for example, equities trade at a small discount to index-linked gilt yields, while the gilt-equity yield ratio of around 2.3 times leaves little room for comfort. However good the recovery story, it will be difficult for European equity markets to ignore developments in bonds.

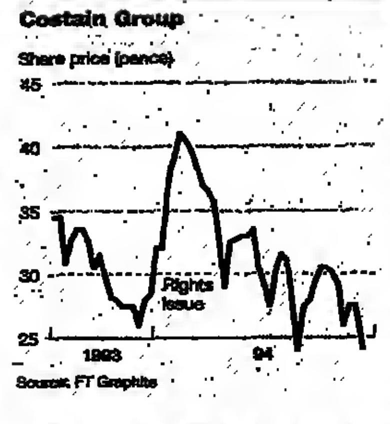
Nor is it easy to see how the US bond market can calm down if inflationary pressures continue to surface even while the economy is cooling. That might require a more aggressive tightening than the Federal Reserve has so far undertaken, which would certainly choke off the recovery in a way that again risks undermining Wall Street equities. Until that uncertainty is resolved, other markets may be nervous too.

Costain

Costain continues to spring nasty surprises. Admittedly, its profits plunge was not as bad as it looks since last year's £68.1m pre-tax result benefited from a £68.5m profit on disposals. But the US mining operations, which were supposed to be the engine of growth, are now in loss – and the decision to sell these businesses raises the question of where the group goes next. Shareholders have stumped up £160m in rights issue money over the last three years, but the group's market capitalisation is not even worth that amount and the outlook remains glum.

On the positive side, the continuing disposals programme will finally end fears that the group was in danger of being strangled by its debts. The balance sheet is more or less repaired. Margins at the rump contracting businesses are poor at 1.3 per cent, but

FT-SE Index: 3139.3 (-40.7)



Source: FT Graphite

Costain claims they are better than most in the industry.

Nevertheless, the group does not have the scale or financial muscle to participate in the high-margin lead contracting business for large-scale private finance initiatives. Elsewhere, the contracting market is unlikely to improve for at least a couple of years. Probably the best option would be for Costain to be absorbed by another construction company. Such deals do not have a good record, but they can work if the differing cultures can be successfully welded.

Fids

Foreign income dividends, known to the cognoscenti as fids, have begun to catch on. This week Coats Viyella, BTR, RTZ and Burmah Castrol all announced they were adopting this form of payout. Like last year's enhanced scrip dividends, fids reduce a company's liability to tax. By paying the dividend out of foreign income which has been taxed abroad, a company can escape advance corporation tax. The lower tax bill enhances its earnings. Fids are a more welcome device than enhanced scrips, principally because they require companies to pay cash dividends. At best enhanced scrips diluted an investor's stake. At worst they were little more than rights issues in disguise.

The impact of a fid is neutral on tax-exempt investors provided – as has happened in every case so far – the company grosses up the payment to compensate them for their inability to claim an ACT credit. Tax-paying investors then become the main beneficiaries, as they receive a higher dividend than would otherwise have been the case. Tax-exempt investors may grumble that others are receiving a larger slice of the cake than hitherto. Yet even they should reap some indirect benefits.

The earnings enhancement that comes from fids is somewhat illusory. The company must pay extra dividends to reduce its tax bill, so its cash position is unchanged at the end of the day. But though the benefits are unequal, the fact that more cash is being distributed should push up share prices and increase value for everybody. Moreover, the rules prevent any scrip alternative or share issue in connection with fids, which is one reason BTR's results were notable for the absence of a warrant issue. To benefit from the scheme, companies must ensure their subsidiaries abroad are generating the cash to pay for it. There cannot be harm in that.

Art market

Art may not be a perfect indicator of where the world economy is heading, but it is better than many. When people believe they have more disposable income, they spend it on inconsequentials, such as antique toys and pretty pictures. The art market is experiencing a recovery of sorts, but, as in the broader economy, confidence remains fragile. Although Christies' auction sales were up 19 per cent year on year during the first six months, they were marginally down on the previous half year. Consumer confidence had been hit by the collapse in the bond market, accounting for disappointing sales of Impressionist and modern painting during May and June.

While Asprey complains that heads of state are spending less, Japanese corporate buyers and Australian entrepreneurs also remain absent from the art market. North American buyers have given few signs of purchasing works as hedges against inflation.

As an indicator of global shifts in wealth, the art market is an even better guide. Buyers are increasingly from the rapidly expanding far eastern economies. The Asian region now accounts for 10 per cent of Christies' auction sales. Although such buyers are purchasing local works – Christies' sales of oriental works were up 25 per cent – they are also picking up easy-on-the-eye Impressionist pictures. Whether they can drive prices to the absurd levels of 1990 is highly unlikely.

Major call on 'yobs'

Continued from Page 1

ers" and tighten the bail rules.

Mr Major accepted that the public wanted "tough and challeoging penalties for persistent young offenders, not visits to safari parks." Alleged offenders should be remanded in custody rather than bailed if there was any risk of repeating tbe kind of violent crimes for which they were awaiting trial, he said.

He said the public want a clampdown on those who make the streets frightening.

Mr Alun Michael, Labour spokesman ou home affairs, accused Mr Major of giving "the illusion of action" while offering little comfort to victims of crime.

De Beers accuses Russia

Continued from Page 1

producer capable of launching a sustained attack on its prices. If it renews the contract, it may have to accept a level of indiscipline that might also threaten price levels. It would also send the wrong message to other cartel members such as Zaire, Australia, Namibia and Angola.

Tbe belief in Russia that producers could achieve a higher return outside the cartel has been strengthened by the retirement of a generation of officials used to working with De Beers in the cartel system – and the rise of nationalist politicians hostile to the agreement on political and economic grounds.

Mr Leonid Gurevich, formerly head of a parliamentary committee on gold and precious metals and now vice-president in charge of diamonds at the State Precious Metals Committee, believes the agreement with De Beers is too restrictive and sbould be renewed only if it allows much more scope for free sales.

De Beers executives, who have held a series of talks with tha Russians this year, presented evidence tbat the unofficial sales had lowered prices worldwide – or at best kept them at last year's levels wben increased consumer demand would normally have caused an increase.

According to De Beers, the Russian officials accepted that there was substantial unofficial selling and that prices were depressed, adding that these sales were causing concern to the Russian authorities, whicb were investigating how to stop them.

Bonds and stocks fall

Continued from Page 1

Although the increase in producer prices was commodities-led, the index rose by 0.4 per cent even when the volatile food and fuel sectors are excluded from the data. That "core" rate of wholesale price inflation climbed only 0.1 per cent increase in July, and actually fell 0.1 per cent in June.

As regards food, beef prices were 6.9 per cent higher, pork 3.3 per cent and fish 4.4 per cent. That combined to more than offset drops in the cost of fruit and vegetables and produced a 0.7 per cent rise in the food index, the largest advance since last November.

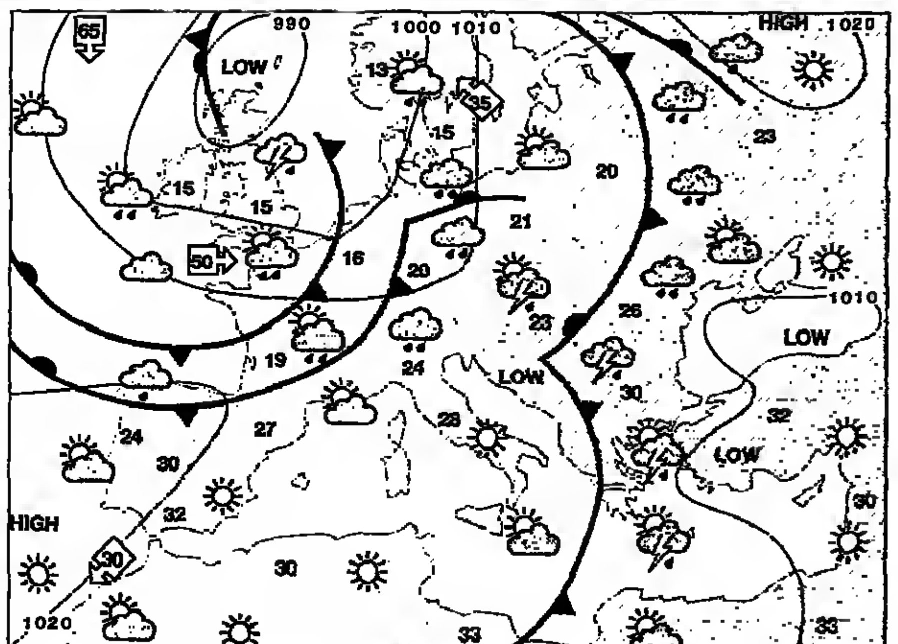
FT WEATHER GUIDE

Europe today

Western Europe will continue unsettled. Frequent rain showers, some with thunder, and strong winds will be common over the British Isles, France, the Benelux and Scandinavia. Most of Spain will be sunny, however northern parts of Spain and Portugal will be cloudy with rain or drizzle. It will be quite warm and sunny in Italy with afternoon temperatures of 28C-32C, but with a few showers in the north. Greece will have scattered thundery showers, but more thunder will erupt along a cold front over the Balkans and Baltic states. Sunny weather will bring temperatures in the eastern Ukraine to 25C-30C, but the west will be much cooler due to cloud and rain.

Five-day forecast

Cool, unstable air will be drawn deep into the continent by Sunday, producing showers interspersed with sunny spells in north-western Europe. A depression north of Scotland is expected over Scandinavia by Sunday. As a result, showers will lessen over the UK, where, by Monday, it will be mostly dry with sunny periods. Unsettled conditions will return later in the week. Scandinavie will remain windy with frequent showers, but the Mediterranean will have only isolated showers.



Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

		Maximum Celsius
Abu Dhabi	sun	41
Accra	cloudy	28
Algiers	fair	30
Amsterdam	shower	15
Athens	thund	31
Atlanta	shower	28
B. Aires	fair	13
B.ham	shower	16
Bangkok	shower	34
Barcelona	fair	27
Beijing	shower	25
Belfast	shower	15
Belgrade	thund	28
Berlin	rain	14
Bermuda	shower	30
Bogota	shower	21
Bombay	rain	29
Brussels	shower	18
Budapest	cloudy	26
C.hagen	rain	14
Cairo	sun	33
Cape Town	sun	19
Caracas	shower	31
Cardiff	shower	18
Casablanca	fair	25
Chicago	shower	24
Cologne	shower	17
Dakar	fair	29
Dallas	shower	32
Delhi	fair	28
Dubai	sun	40
Dublin	shower	16
Dubrovnik	fair	27
Edinburgh	shower	17
Faro	sun	28
Frankfurt	shower	19
Geneva	shower	21
Gibraltar	fair	29
Glasgow	shower	16
Hamburg	shower	15
Helsinki	fair	17
Hong Kong	shower	30
Honolulu	shower	32
Istanbul	sun	28
Jakarta	cloudy	32
Jersey	shower	17
Karachi	cloudy	34
Kuwait	sun	43
L. Angeles	sun	24
Las Palmas	fair	27
Lima	cloudy	19
Lisbon	fair	27
London	shower	17
Lux.bourg	shower	16
Lyon	shower	23
Madeira	fair	25
Madrid	fair	28
Majorca	sun	29
Malta	sun	31
Manchester	shower	14
Manila	shower	32
Melbourne	fair	14
Mexico City	shower	20
Miami	thund	32
Milan	shower	24
Montreal	rain	21
Moscow	rain	27
Munich	shower	21
Nairobi	thund	23
Naples	sun	28
Nassau	shower	32
New York	fair	26
Nice	fair	24
Nicosia	sun	35
Oslo	shower	13
Paris	shower	19
Perth	fair	27
Prague	cloudy	21
Rangoon	cloudy	28
Reykjavik	shower	10
Rio	fair	23
Rome	sun	28
S. Frsco	fair	21
Seoul	shower	27
Singapore	cloudy	32
Stockholm	shower	16
Strasbourg	rain	21
Sydney	fair	19
Tangier	fair	26
Tel Aviv	fair	32
Tokyo	fair	29
Toronto	shower	20
Vancouver	shower	17
Venice	shower	24
Vienna	cloudy	24
Warsaw	cloudy	21
Washington	fair	27
Wellington	fair	11
Winnipeg	cloudy	27
Zurich	shower	19

Weekend FT

SECTION II Weekend September 10/September 11 1994

Will they bid for peace?

*The republicans say they have given up violence. But are the unionists buying it? **Christian Tyler** went to Northern Ireland and asked them*

A ringside seat in Ulster: farmers at the weekly Saintfield livestock auction in County Down. For many unionists, the IRA ceasefire has changed nothing — Tony Andrews

A woman in the little crowd outsida the Orange Hall was shouting. "Is Gerry Adams in there? Is he hiding under Mayhew's raincoat?"

Inside the hall, Sir Patrick Mayhew, tall and grey-faced, was making his most important public appearance since the IRA ceasefire. Alternately flattering and firm – and with an apology for past misunderstanding – the Secretary of State for Northern Ireland was trying to cajole the distrustful ranks of Protestant brethren who remain convinced their British government is selling out to Sinn Fein and the IRA gunmen after 25 years of bloodshed.

The hall was decked with the banners of the Orange lodges for an historic encounter in the town of Comber, County Down, on Wednesday night. About 200 men – and half a dozen women – were packed into an airless upstairs room. Arrayed in the orange stoles and insignia of their Order, they looked honest, decent folk – but implacable. They declared their fears and suppressed their anger as they respectfully applauded the first Secretary of State to come down from Stormont Castle to face the rank and file of Orange Protestant unionism.

Before Mayhew's ordeal a minister said prayers and read from St Paul's epistle to the Thessalonians. The Grand Lodge chairman, the eloquent David McNarry, warned against indiscipline on the floor. Sir Patrick was then presented with a handsome bible: and for a moment it seemed he was expected to take the oath on the spot: There Is No Secret Deal.

The unionist majority of northern Ireland feels itself the underdog these days, the more so as Sinn Fein reaps the propaganda rewards of its 10-day-old initiative. For many unionist footsoldiers the IRA declaration is a tactical sham, a con-trick. They are suspicious of the republicans, suspicious of Westminster, afraid of being cast as the villains of the piece, afraid of their own triumphalist paramilitaries, and afraid of domination by Dublin – or Rome.

Can such people ever make peace?

In spite of the universal hope of peace, for many unionists the IRA ceasefire has changed nothing. Asked whether he felt differently now, an old farmer at the Saintfield weekly cattle auction winked roguishly and said: "No. I had my hair cut last week. It's grown again this week."

Farmers tend to be men of few words. But the buyers clustered at the ringside this week, giving almost undetectable jerks of the thumb to register their bids with the fast-talking auctioneer, constitute the backbone of a dangerously aggrieved majority.

William Dick, a pleasant and articulate young beef farmer with 140 acres, is a local councillor from the Rev Ian Paisley's Democratic Unionist Party. Speaking after Paisley's showdown with John Major at Number 10 this week, he said mainlanders should not make the mistake of thinking that just because Paisley had "his own way of expressing himself" he did not correctly represent the views of the community. Nor should they forget that in the recent European elections, Paisley's party had topped the Ulster poll.

"We have made our views known, but the unionist viewpoint has been set aside," he said. "For the English it is hard to perceive what is going on. At local level we have no trouble getting on with the SDLP (the non-violent republican party led by John Hume) but at national level their demands are hardening all the time." As for Gerry Adams and Sinn Fein, they had sponsored butchery ooe week and been received by the Irish Prime Minister the next. "There has been no word of remorse, no apologies for the deaths."

Even out in the rolling countryside of County Down, most people have been touched by the violence. The last IRA victim before the ceasefire was a friend of Councillor Dick, a part-time member of the Royal Irish Regiment (formerly Ulster Defence Regiment) and church organist called Trelford Withers who was shot at point-blank range in his shop in nearby

Continued on Page XIII

'I was on holiday in London when the IRA Christmas bombing campaign began. I was worried for the bobbies. Me! Irish Dan Ring!'

The view from Boston, Page XIII

CONTENTS

Long View/Barry Riley

A new phase of crisis

When the German government can no longer easily sell its bonds you have to start worrying. For decades German *bunds* set the standard for investment quality among fixed-income securities but, this week, the yield on 10-year D-Mark bonds rose to more than 7¼ per cent – significantly greater than the yield on those by the US Treasury and denominated, of course, in the dodgy dollar.

That old law of supply and demand is at work here. A reminder of the sheer volume of supply of bonds around the world comes from the annual Salomon Brothers estimation exercise, which has thrown up a figure of $16.3 trillion (1trn = 1,000bn) as the size of the world bond market by the end of last year.

This covers the 21 leading currencies, although almost half the bonds are denominated in US dollars and by the time you have added in Japanese, German, Italian, French, British and Canadian paper you have covered 80 per cent of the field.

Total outstanding debt rose 10 per cent in 1993, expressed in dollars. The world's investors swallowed all the new issues greedily – a net total of $1.6 trillion – then choked. They have spent 1994 regretting this over-indulgence. The US 30-year Treasury bond yield at about 7.5 per cent is slightly below the worst but is a long way above the 5.8 per cent at which it troughed in the latter part of 1993.

Not only has the overall yield on bonds risen but there has been a widening of differentials as investors have become more conscious of risk. Swedish, Italian and Spanish 10-year government bond yields are running at more than 400 basis points over the corresponding US Treasury bond yields.

What are the risks? Firstly that the currency will depreciate but ultimately that some country or other will get into such a mess that it will have to restructure its debt. The sort of risks that used to be confined to the third world are now beginning to trouble first world investors. Old-fashioned fiscal discipline is right out of fashion. This week the European Commission ticked off 10 out of 12 member states for running excessive budget deficits.

In the bond market they particularly worry about elections. They were mildly impressed by Silvio Berlusconi's victory in Italy but have lost faith subsequently. Now there is an imminent poll in Sweden promising the return of the social democrats and another in Denmark, although Denmark is a long way from being on any critical list.

For obvious reasons electors do not tend to vote in a way that bond investors would like. The man in the street likes public money to be spent on health, education, social security and other benefits but hates the idea of paying matching taxes. He also flirts with nationalism and ideas of separation, a theme that has sent the Canadian bond market into a tizzy over the imminent Quebec elections that may well restore a secessionist *Parti Quebecois* to power.

That is not to say that the PQ could ever win a referendum on separation. But the very possibility that particular regions of a troubled country might try to walk away from responsibility for a large part of the national debt is a bondholders' nightmare that may yet haunt creditors of the Belgian and Italian governments, to name but two.

Oddly, unification can be fiscally dangerous too. Germany has accepted the financial burden of its restored eastern provinces, but it would prefer not to pay up right away. Hence, most of the debt problems.

Germany is also facing elections this autumn. It seems that Helmut Kohl is likely to be returned to power, and policies will not change significantly. But those policies have become notably slack – extraordinarily so by past German standards – so that the money supply is rising strongly and government borrowing is worryingly high.

Internationally, therefore, the problems in bonds are becoming focused in public sector debt. A few years ago there was a flurry of private sector problems, notably in US junk bonds, but such of the corporate indebtedness has been refinanced through the booming equity markets, in emerging as well as developed markets. Central government outstanding bonds rose by 12 per cent last year as the fiscal deficits ballooned.

And whereas in 1980 the share of new bond finance raised from abroad ranged from just about nil for France and Spain and up to 14 per cent for Germany and the UK, by 1993 these countries were selling 25 per cent upwards to foreigners.

In fact, Germany in recent years has often sold more than half its *bunds* to international investors (although foreigners have now lost their appetite, helping to explain the recent sharp rise in funding costs). The solution to the bond market's woes is clear enough – governments must cut their spending and encourage higher savings among their populations. But it is a deeply unpopular message and not one that can be writ large on election manifestos, even if the strategy will, perforce, have to be adopted eventually.

Hence the fear that the bond markets may have to choose a sacrificial victim. Some unco-operative country or other in Europe will be declared a pariah. Its debt spurned except perhaps by scavengers running vulture funds. Would 15 or 20 per cent interest rates force such a country to reconsider. It might simply declare a siege economy and restructure its liabilities, say by converting its debt into 30-year bonds yielding a "fair" 5 per cent. It is not clear who would be teaching whom a lesson.

At any rate, we seem to be entering a new phase of the bond market crisis that began last February, this time centred in Europe. Investors seem to perceive that the risks have risen. Or maybe it is that the Japanese, with a trade surplus, are hogging too much of the world's liquidity and, scarred by losses, are refusing to recycle it into long-term markets. But those elections won't be over a momeot too soon.

London

Industrial shares wilt at the margins

Andrew Bolger

Few companies are big enough to move the London market single-handed, but BTR certainly achieved that dubious distinction this week. Unexpectedly low interim profits from the industrial conglomerate helped tip the FT-SE 100 back through the 3,200 level it had been hanging on to since the summer rally.

This is partly a question of scale: BTR is one of the UK's biggest manufacturing group's, even after Thursday's sell-off cut its market market value by £1.6bn to £12.2bn. Analysts estimated that the plunge in BTR's share price alone accounted for nearly 10 points of the FT-SE's 100's 23.9 point decline on the day.

The main reason, however, was that a drop in BTR's profit margins confirmed a concern over manufacturing shares which has been increasingly worrying investors in recent weeks.

The growth in retail spending and consumer confidence remains subdued, as demonstrated by the confirmation that last month's new car sales fell well short of the industry's hopes and the modest level of new housing starts. The Confederation of British Industry's distributive trades survey suggested that retail sales in August were only slightly up on a year ago.

A good summer helped Cadbury Schweppes, the sweets and soft drinks group, lift profits by 23 per cent. But the company, which bottles Coca-Cola, admitted that sales of Coke in J. Sainsbury stores fell by 15 per cent after the UK's largest supermarket chain launched its own-brand of cola.

Investors had responded to these pressures on the retail sector by moving out of consumer-oriented companies and into industrial manufacturers, which seemed better placed to benefit from increasing economic growth. The theory was that manufacturers, having reduced their workforces during the downturn, would be able to transform quickly any significant rise in demand into increased profitability.

BTR's results highlighted the big flaw in this argument: manufacturers are finding it difficult to pass on rising raw materials prices to their customers, who are themselves struggling to sell goods to unenthusiastic consumers.

BTR said the problem was particularly acute in the automotive industry. All the big car groups are taking a leaf out of the book of Volkswagen, where the Spanish executive Jose Ignacio Lopez de Arriortua has cut costs by putting pressure on suppliers.

Alan Jackson, BTR's chief executive, said his group would turn away some of this automotive work, rather than lower its profitability. However, the warning of margin pressure still caused dismay: BTR has a strong position in many markets, and if it cannot resist being caught in this sort of squeeze, then weaker manufacturers will have even less chance.

There was, consequently, a large switch of funds out of manufacturing companies and into traditional safe havens such as utilities, which continue to offer high dividend payments. British Gas held its dividend, in spite of a slight drop in profits. The group confirmed that its reorganisation programme was on schedule, and that an additional 3,000 people had been made redundant in the first half, bringing the year-on-year total to 10,000 out of a target total of 25,000 over the next three to four years.

Shares in Manweb also rose after the Cheshire-based regional electricity distributor said it would cut 500 jobs, 11 per cent of its workforce. The group is the second in the sector to respond to the regulator's recent price review with job cuts and a wide-ranging restructuring. Most of the Recs are expected to announce similar action to cut costs over the coming weeks.

Reducing the workforce seems a foolproof wheeze for making privatised monopoly suppliers more profitable, and increasing their dividend streams, but it also offers one clue as to why the recovery in consumer confidence and retail spending remains fragile.

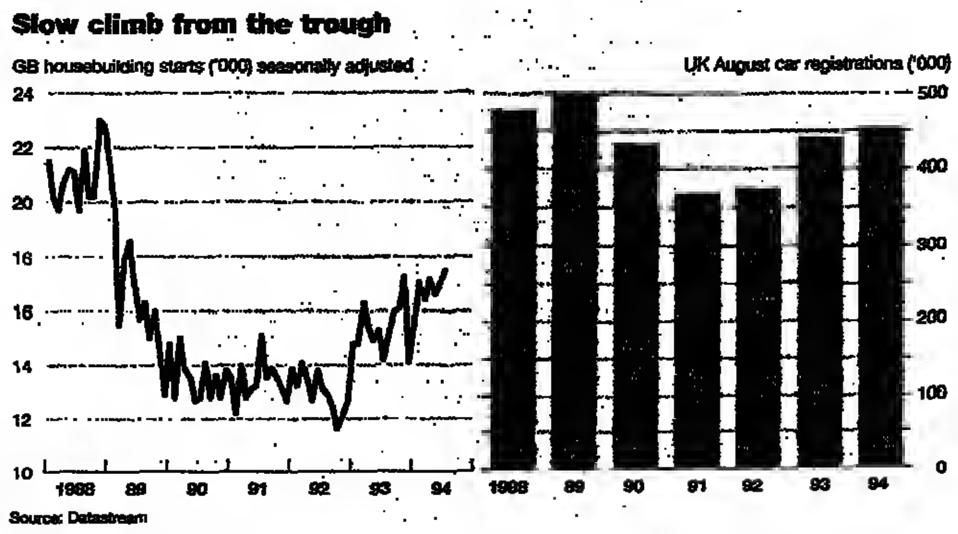
News of the slowdown in retail sales growth, combined with a marked narrowing in Britain's visible trade deficit in June, at least raised hopes that Kenneth Clarke, the chancellor, would hold back from an early rise in interest rates. On the most optimistic view, these figures hold out the prospect that UK recovery could be becoming more established without threatening to push inflation higher or trigger a balance of payments crisis.

S.G. Warburg, the investment bank, points out that, in spite of some disappointments this week, most companies reporting in the current interim results season have matched expectations, even if they have failed to justify the upgrades in earnings forecasts which some had looked for. Warburg says: "In consequence a period of disappointment and nervousness may be inevitable, not least while investors consider how generally applicable BTR's talk of margin pressures as raw materials rise is."

London equities were further unsettled yesterday, when news of unexpectedly high US producer prices startled the bond market with the prospect of another rise in US interest rates. Even if UK interest rates go up later rather than sooner, no one in the market doubts that an increase is coming. As the autumn progresses, we will also see increasing speculation over the contents of the November Budget – particularly regarding the government's intentions on the tax treatment of dividends.

One possible source of optimism came from BTR, which said it was on the lookout for a large acquisition. The group's borrowings have fallen below the level they were at before it paid £1.55bn in 1991 for Hawker Siddeley, the aerospace and engineering group. BTR will certainly not just consider on UK opportunities, but a well-judged large domestic deal could both cheer the market and take the group out of the dog house.

Slow climb from the trough



HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1994 High	1994 Low	
FT-SE 100 Index	3139.3	-83.4	3520.3	2876.6	Results disappoint
FT-SE Mid 250 Index	3736.0	-45.3	4152.8	3363.4	Following the blue chips
Arjo Wiggins	276	+11	316	237	Well-received figures
BTR	329	-54½	401	329	Poor figures/cautious statement
Bowater	487	+20	524	409	Boost from figures
Cable & Wireless	419	-36	543	394	Cazenove downgrade
Cadbury Schweppes	457	-27	545	407	Profit-taking after results
Enterprise Oil	409	+20	486	379	Oversold/better than expected figures
MEPC	435	-33	562	409	Broker re-evaluations
Manweb	847	+24	871	635	Cost-cutting/buys in shares
Medeva	146	+17	187	120	Profits above forecasts
NatWest Bank	509	+15	622	421	Broker 'buy' recommendations
Schroders	1533	+55	1540	1050	Re-joins FT-SE 100
South Wales Elect	619	+32	840	591	Buys in own shares
Standard Chartered	271	+16	359¼	223	Lehman Bros positive

Serious Money

Investments that spell danger

Gillian O'Connor, personal finance editor

American pundit Benjamin Graham compared the stock market to a manic depressive. "Mr Market" was always ready both to buy and sell, but his share price quotes veered from the ridiculously high to the absurdly low as his excessive optimism about company prospects gave way to equally exaggerated gloom.

The chart on page III suggests that, if all markets have a touch of the manic depressive about them, emerging markets are an extreme case.

This patient is highly unpredictable and dangerous to know. For the average private investor, that means investing through a broadly-based fund and staying aboard for the long term. Trying to take advantage of manic depressive market swings is a mug's game.

□□□

Warrants were one of investors' favourite toys last year – but toys can be dangerous. This week, the price of BTR's 93-94 warrants tumbled from 87p to 45p as bad results at the conglomerate knocked its ordinary shares back by 44p to 338p.

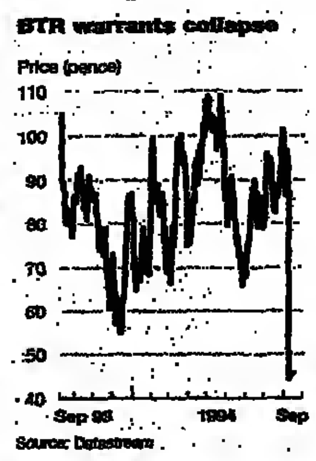
The fall in the price of the ordinary shares was only 11.5 per cent. So, why did the warrants nearly halve?

These particular warrants give investors the right to buy ordinary shares in BTR at 288p, but this right expires in October. The brevity of this remaining period is the main reason the warrant price responded so dramatically to the move in the underlying share price.

Add the warrant price (45p) to the subscription price (288p) and the warrant-holder can buy BTR shares for an effective 333p, close to the present share price.

When warrants get very near the end of their life, they tend to move penny for penny with the share price - as the 93-94 BTR warrants did. But warrants with longer to run normally sell for more than the conversion sums would suggest. For the extra time itself is valuable, and this "time value" tends to act as a buffer to the warrant price.

BTR warrants collapse



Longer-dated warrants do not normally react as sharply to movements in the underlying shares as ones near expiry.

Many people first get their warrants as an add-on to a new issue (particularly investment trust issues) or as part-payment in a bid. What they need to remember is that the riskiness of these warrants might well increase as they age. All warrants are potentially dangerous.

Short-dated warrants are the most explosive, though. Selling your warrants when they still have a couple of years left can prevent some last-minute upsets.

□□□

Foreign income dividends (Fids) are a wet towel subject but they are getting more popular with companies. The trailblazer came from BAT in March; Coats Viyella, Burmah Castrol and RTZ all joined in this week. So, it is worth understanding the rules.

Fids are suitable only for companies getting a large proportion of profits from overseas. Some such companies used to face an abnormally high tax charge because their mainstream corporation tax liability did not suffice to cover tax paid on dividends. A Fid carries a normal 20 per cent tax credit, but tax-exempt shareholders cannot claim a rebate.

Very broadly, if a company paying a Fid pays the same net dividend as one paying an ordinary dividend, investors paying tax get the same amount, but tax-exempt shareholders get less from the Fid than they would from an ordinary dividend. Tax-exempt shareholders include large investors such as pension funds, private shareholders whose low income takes them out of the income tax net, and personal equity plan-holders.

Companies ara tending to increase their net Fid dividend payments by 25 per cent in order to make good the cut in income of their tax-exempt shareholders. This attempt to level the playing field in practice tilts it in favour of tax-paying investors, for they actually benefit from the dividend increase.

Shunting your holdings around to get potential Fid-payers outside your Pep is a hassle. But the discrepancy could be worth bearing in mind when deciding which companies to put into your Pep in the first place.

The sums, courtesy of BZW, are:

1. For a UK dividend received of 80p. A basic rate (20 per cent) tax-payer gets 80p, a higher rate (40 per cent) tax-payer gets 60p, and a Pep-holder gets 100p.

2. For a Fid received of 80p. A basic rate tax-payer gets 80p, a higher rate tax-payer gets 60p, and a Pep-holder gets 80p.

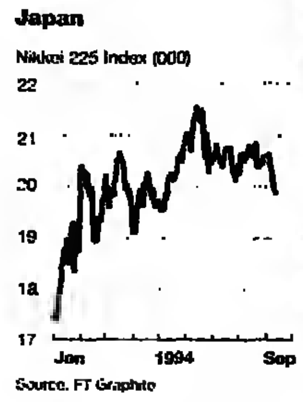
3. If the company pays a Fid but increases it to 100p. A basic rate tax-payer gets 100p, a higher rate tax-payer gets 75p, and a Pep-holder gets 100p.

Apologies for the headache.

AT A GLANCE

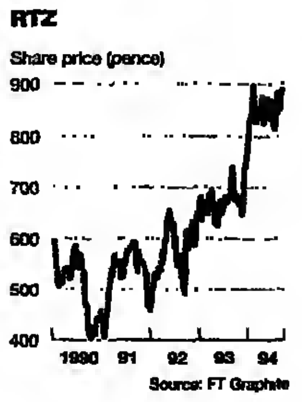
Finance and the Family Index

Japan



Source: FT Graphite

RTZ



Source: FT Graphite

Tokyo market hits oversupply snags

The Tokyo stock exchange was hit this week by the listing of Japan Telecom, the country's third largest telecommunications company. Rather than boosting the market as had been expected, the flotation created an oversupply problem, and shares in the newly-listed company fell, pulling other sectors down too. On Thursday, the Nikkei index fell through the 20,000 level for the first time in four months.

Traders are also worried that another big flotation next month – Japan Tobacco – could futher depress the market. The Tokyo market had a good first half of this year, helped by cash inflows from foreign investors, but has stagnated in the 20,000 to 21,000 band since mid-summer.

Boost in demand for metals

The encouraging growth in world economic activity is boosting demand for metals such as copper, aluminium, lead and zinc, and minerals such as coal and titanium dioxide – which gives the whiteness to paint, some plastics and tiles.

All these are produced by RTZ, the world's biggest mining company, which this week pleased the market by reporting interim profits at the top end of analysts' expectations: a 30 per cent increase to £242m in earnings adjusted to reflect the underlying business performance by excluding exceptional items. The group, usually a conservative forecaster, also said the global economic outlook had not looked as favourable since the 1980s.

Free guide on stockbrokers

If you are thinking of using a stockbroker for the first time, private client stockbroker Gerrard Vivian Gray has produced a simple guide to choosing one. It covers areas such as location, making a short-list, regulation, fees and so on. For a free copy, write to Tracy Preston at Gerrard Vivian Gray, Burne House, 88 High Holborn, London WC1V 6LS.

Smaller companies unchanged

Smaller company shares ended the week virtually unchanged. The Hoare Govett Smaller Companies Index (capital gains version) slipped less than one point from 1715.16 to 1714.88 over the week to September 8.

Next week's family finance

Do you believe that you have suffered as a result of poor financial advice? Next week we guide you through the process of making a complaint against your financial adviser.

Wall Street

Inflation sours the mood at bulls' party

Put the bubbly back on ice, deflate the balloons and cancel the catering: it looks as if Wall Street's late-summer/early-autumn market rally may never materialise.

Two weeks ago, share prices began an ascent which took the Dow Jones Industrial Average up from around 3,750 to over 3,900 in eight trading days. Although stocks subsequently stumbled, they rebounded nicely this Thursday as the Dow again climbed above 3,900.

With mutual funds reporting rising cash inflows, bond prices seemingly stable, and Federal Reserve monetary policy possibly on hold until the end of the year, there was a spring in the step of investors and traders not seen since early February.

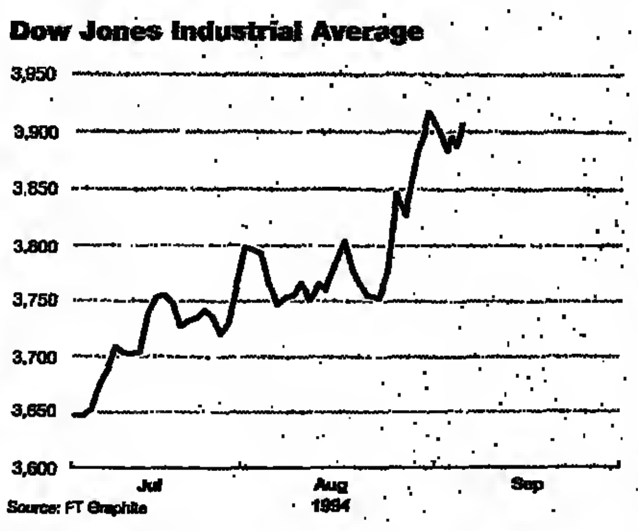
Now, however, any optimistic thoughts Wall Street might have had about a sustained rally in share prices may have to be shelved. Yesterday, following disturbing inflation news, bond prices plummeted – pushing the yield on the benchmark 30-year government bond up to 7.68 per cent – and stocks dropped sharply.

In the first half-hour of trading, the Dow fell more than 40 points, and although the average recovered slightly later in the morning, the damage to the market's psychs had been done.

The cause of the stock and bond markets' losses was the producer prices index, which the Labor department said yesterday had climbed 0.6 per cent in August. That was the biggest increase in the PPI in four years, and well above the 0.4 per cent forecast by most analysts. Just as troubling, the "core" PPI (a measure which excludes the volatile food and energy prices) rose by 0.4 per cent, again more than expected.

For an inflation-sensitive bond market, the August PPI - which put the annual rate of producer price inflation at 2.9 per cent - was too much to bear. Inflation has remained relatively low throughout this year, and some analysts had expressed confidence that the Fed's five policy tightenings would ensure it remained that way, but fixed-income investors have been unable to shake their concern that at some point, economic growth would feed through into higher prices. Consequently, they have been ready to sell bonds at the first hint of rising inflation.

Dow Jones Industrial Average



To the inflation-fixated, yesterday's PPI report was more than just a hint. As James Solloway, chief analyst at Argus Research in New York, put it: "This should again raise fears that the Fed has not done enough to nip inflation in the bud. Inflation is not dead by any stretch of the imagination."

The breakdown of the PPI data was particularly disturbing, as it showed rising prices across a range of goods. Coffee prices soared 12 per cent, tobacco climbed 1.4 per cent, energy 1.7 per cent, and cars and food prices both rose 0.7 per cent. Analysts can explain away the occasional jump in a PPI component, but when a broad group of prices are rising, it becomes more difficult to ignore.

David Jones, an economist at Aubrey Langston, said yesterday that inflation was "certainly building up in the goods production chain. We saw it a year or so ago in commodities and now it's worked its way down to the finished goods level, and we still see inflation in in the pipeline at the crude and intermediate goods level."

What this means for the stock market is that investors cannot relax their guard against further increases in short-term and long-term interest rates. If next week's August consumer prices index is anything like as worrisome as the PPI was, then bond prices could tumble further, and the Fed could quickly be forced to break its current holding pattern on monetary policy. That would spell trouble for share prices.

There is a possibility, however, that the Fed will not make another move on interest rates soon because the increase in the PPI may have been exactly what it was expecting.

The central bank has raised short-term rates five times in the past six months in what has become a sustained round of policy tightening. Although it drew fire for its actions – most notably from politicians worried the rate increases will reverse the recovery which began in 1992 – the Fed may have known, or at least suspected, all along that the economy was growing to fast for inflation to remain dormant forever.

Given that interest rate increases do not have an immediate effect upon economic growth – the time-lag is variously judged to be between six to nine months, depending upon the vigour of the economy – the Fed may well be untroubled by yesterday's disturbing PPI data, secure in the knowledge that this year's policy tightenings will soon begin to take its toll on the economy and inflation.

Patrick Harverson

Monday	closed
Tuesday	3898.70 + 13.12
Wednesday	3886.25 – 12.45
Thursday	3908.46 + 22.21
Friday	

Bottom Line

Bowater's supermodel image

The image of US supermodel Cindy Crawford, chosen to demonstrate Bowater's media imaging technology at its interim results this week, was appropriate – even if David Lyon, chief executive, looked somewhat bemused posing alongside it for press photographs.

A 15 per cent increase in underlying profits for the six months to June 30 confirmed that the packaging, print and coated products group has become something of a supermodel among companies. Few manufacturing businesses can match its progress, even through the depths of recession, since new management took over in 1987.

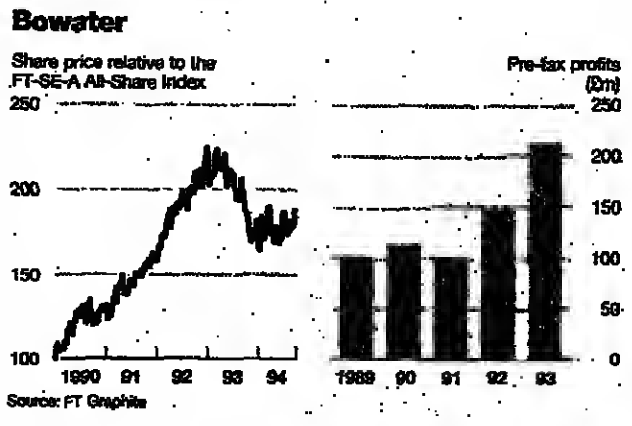
First-half profits, excluding exceptional items, have increased every year, from £17.3m to £109m over the period: operating margins have increased every first half except one, from 3.8 per cent to 9.2 per cent; the interim dividend has grown at a compound rate of 15 per cent. The story for the full-year results is similar.

In spite of this record, however, Bowater's shares had fallen after its two previous results presentations, as it warned last autumn of falling demand for packaging, and in spring this year of a possible squeeze on margins as raw materials prices began to rise.

There was no such problem this time. Bowater said raw materials prices – mainly paper and resin – had indeed risen about 20 per cent between April and June, thanks to increasing demand in key markets. But the company had passed on the rise to customers, and believed it could pass on the further increase of up to 10 per cent expected by the end of the year. The shares gained 19p on the day to 492p.

In 1987 Bowater was a ragbag of relatively unconnected paper and packaging businesses. Through a series of acquisitions it has developed strengths in three sophisticated, value-added sectors of packaging and printing – food and drink, toiletries and cosmetics, and healthcare and pharmaceuticals, as well as in the coated products sector.

Bowater



It has operations in North America, Europe and Australasia. The restructuring began in 1987 with the acquisition of Rexham Corporation, the custom coatings and laminates group, followed in 1989 by Release Technologies, the release films and papers manufacturer.

In 1992, Bowater bought DRG, a food and healthcare packaging supplier, and Cope Allman, a cosmetics and pharmaceuticals packaging group. The buying spree was completed last year, with Specialty Coatings International, the US coated products group.

The most recent acquisitions were funded by two successful rights issues, allowing Bowater to keep borrowings down – gearing is a moderate 43 per cent.

Now, David Lyon says, Bowater is entering a new phase. Restructuring is over, and the group plans to expand through organic growth, with some "bolt-on" acquisitions to strengthen its position in certain markets.

It has formed a team of "free spirits", roving senior executives who are experts in particular technologies, to spot technological developments in one part of the group that could be used in other parts, and merit investment and joint development.

Capital spending this year is projected at a record £150m. One important growth area is healthcare packaging, with Bowater building a new £30m factory in Bristol and trying to establish joint ventures in South America, India and Poland.

Bowater also wants to expand its share of the beauty packaging market outside Europe, and parts of its coated products operations into the Americas, Europe and East Asia. This week's results prompted analysts to upgrade their profits forecasts for the full year from about £225m to at least £230m.

That puts Bowater on a prospective price/earnings ratio of 13.8 – only a small premium to the packaging sector. "With Bowater's growth prospects, the shares are looking quite cheap," says David McCrossan, packaging analyst at Kleinwort Benson. For investors, that could make it almost as attractive as Cindy Crawford.

Neil Buckley

FINANCE AND THE FAMILY

A success story of swings and roundabouts

Scheherazade Daneshkhu and Bethan Hutton on the world's emerging markets

Emerging markets were the success story of 1993. They not only captured the investor's imagination with their exoticism; they also delivered in terms of performance. The emerging markets index of the International Finance Corporation, a subsidiary of the World Bank, doubled between the beginning of 1993 and 1994.

This year, though, investors also got a taste of the volatility which is a feature of these markets – the index fell by 14 per cent in the three months between February and May. It has, however, bounced back and now stands 8 per cent higher than at the start of the year.

Rachael Maunders, of Govett Emerging Markets, says: "Certain markets have bounced back more sharply than others. Some may only have 5 per cent more to go; but others like Argentina, Taiwan and Korea have more scope – possibly 15 per cent or more."

■ Why invest?

A portfolio of emerging markets is not an alternative to investment in more mature markets but, as emerging markets are expected to have far higher growth rates than the OECD countries, a holding is essential for a well-spread portfolio.

Emerging markets are more volatile than others, as the chart shows. But Barings (which also has an emerging markets index) has figures to show that not only will a holding of between 10 and 30 per cent, added to a portfolio of FT-A All-Share stocks, increase the return to the investor – it will actually reduce risk as well.

This is because emerging markets tend to behave very differently from each other – when one falls 10 per cent in a week, another will probably be rising just as fast or faster to compensate. Last year, when all the markets seemed to be heading in the same direction – upwards – there were worries that the lack of correlation was disappearing. This year, they have returned to unrelated form: Brazil is up 80 per cent; Turkey is down by two-thirds.

■ Which markets?

Emerging markets tend to be categorised according to three main groupings: the Far East, Latin America, and the rest. For many fund managers, the region itself is less important than the quality and tradeability of stocks. Some may also invest on the basis of a certain country's anticipated growth rate.

Richard Bade, of Commercial Union, manages the Prosperity emerging markets unit trust and believes that a lot of the uncertainty, which caused the markets to fall earlier this year after the US Federal Reserve bank first raised interest rates, has now gone. "The sudden reversal in US policy affected capital flows to emerging markets, but the last interest rate move should have been sufficient to satisfy the markets."

His fund is 50 per cent invested in the Far East with a lot of exposure to China, which Bade favours for its culture of entrepreneurship.

Some funds also look closer to home. Steve Bates, of Flemings, is positive about eastern Europe, principally Poland, Hungary and the Czech Republic. "We think there is a cyclical reason to be exposed there because of the leverage to the European recovery, but also for the long-term reason that those economies are starting to grow under their own steam." Even so, eastern Europe accounts for less than 5 per cent of the fund because the markets are still so small.

Arnab Banerji, of Foreign & Colonial, has high hopes for some of the larger markets, particularly Brazil, Mexico, India and South Korea, but he is also keeping a close eye on a few of the relative minnows such as Peru, Bangladesh and Morocco. "Bangladesh is about the best-performing market in the world this year," Banerji says. The problem for would-be investors is that it is tiny, with a market capitalisation of about $1bn.

■ How do you invest?

Direct investment in emerging markets is only for the professionals – and even they can find it taxing at times, since these markets tend to be relatively illiquid.

The simplest way for UK-based investors to gain exposure is through a unit or investment trust. Since unit trusts are open-ended, the fund manager faces the problem of having to sell holdings quickly to meet redemptions if panic sets in and investors want to liquidate their holdings.

Investment trusts, which are closed-end funds, do not have this problem but, instead, might fall to a deep discount if the fund or the countries in which it invests become unpopular.

A global fund is less risky than a regional fund because of its wider spread; single-country funds are likely to be more volatile than either. Some global funds are more diversified than others. If a manager takes a big bet on an individual market, and invests a quarter of his fund in it, the fund should outperform its peers if the bet pays off. But if, rather than rising, the market collapses, the fund could lose a large chunk of its assets.

Kenneth King, head of emerging markets at Kleinwort Benson, imposes strict asset allocation rules in order to reduce risk. No more than 10 per cent of the fund is ever invested in any single market.

If a market has risen more than 50 per cent over a year, the maximum holding is cut to 7.5 per cent. If a market has halved in 12 months, the fund must have 2.5 per cent in it.

This approach means that the Kleinwort fund is never affected too badly by the swings in individual markets, which can be extreme: since 1987, Turkey has been the world's best-performing stock market for three one-year periods – but has also been the worst performer three times.

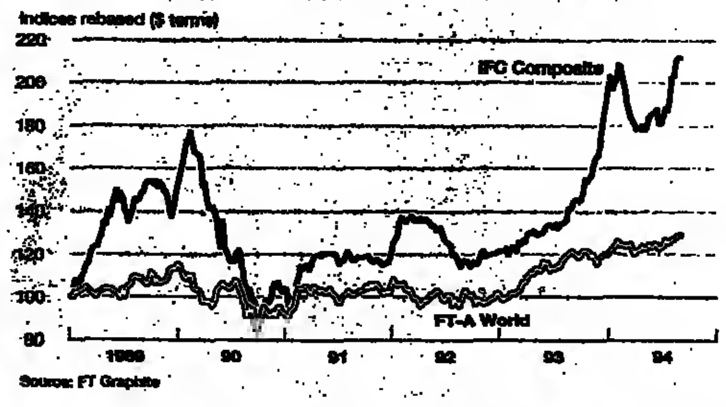
Funds investing solely in emerging markets are relatively recent; few have a track record even of three years. The tables list the performance of those that have more than a one-year record.

A number of funds have been launched in the past year. Portfolio's Fund of Emerging Markets fund is a unit trust investing in closed end funds. It picks the funds according to a combination of asset allocation, management quality, size of discount and redemption terms.

City of London Emerging Markets – a unit trust which also invests in closed-end funds – this year acquired a twin in the form of the Emerging Markets Country Investment trust. Another investment trust too new to be included in the table is Abtrust's Emerging Economies fund, which is the second best-performing in the sector over six months.

The Hatchery

Emerging markets: how they have performed



Source: FT Graphite

Emerging market funds: investment trusts

Fund name	Size (£m)	1 yr	3 yrs
Beta Global emerg mrkts	52.3	32.3	82.2
Fleming emerg mrkts	165.7	20.8	-
For & Col emerg mrkts	125.7	51.8	180.4
Govett emerg mrkts	43.1	17.0	-
Kleinwort emerg mrkts	34.9	27.3	-
Templeton emerg mrkts	343.9	18.8	154.2
Average emerg mrkts	-	22.4	110.4
Average Int growth	-	18.9	68.4

The table shows the percentage change of global emerging market investment trusts over one and three years to August 1. Funds without a one-year performance record and single country or regional funds have been excluded. Mid-market share prices, income reinvested. Source: Micropal.

Emerging market funds: unit trusts

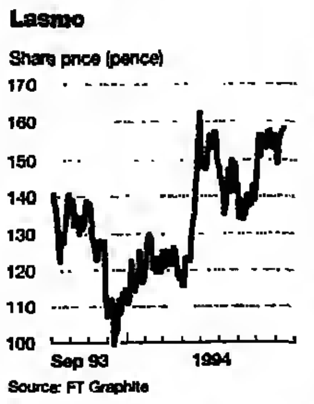
Fund name	Size (£m)	1 yr	3 yrs
City of London emerg mrkts	43.2	27.8	-
Framlington emerg mrkts	25.9	32.0	-
Gartmore emerg mrkts	35.1	17.9	59.3
Invesco emerg mrkts	50.2	26.8	92.8
Martin Currie emerg mrkts	80.2	23.5	
Prosperity emerg mrkts	33.9	22.0	111.8
Stewart Ivory emerg mrkts	26.8	39.4	-
Thornton gl. emerg mrkts	4.6	-4.0	5.5
Average emerg mrkts	-	23.2	67.8
Average Int growth	-	7.7	42.0

The table shows the percentage change of global emerging market unit trusts in the international growth sector over one and three years to August 1. Funds without a one-year performance record have been excluded. Offer to bid, income reinvested. Source: Micropal.

FINANCE AND THE FAMILY

The Week Ahead

P&O profits from cruising



Source: FT Graphite

MONDAY: Dalgety is expected to produce a modest increase in pre-tax profits for the year to June, from £112.2m to about £131m. But the result will be essentially flat, excluding gains a year earlier. Progress in food ingredients and animal feeds will be offset by flat results from consumer businesses such as snacks, sauce and pet foods. Dividend for the year should be up 2 per cent to 21p.

TUESDAY: Half-time results from Caradon, the building products and printing group, are expected to produce profits in a range of £85-100m against a stripped-out £59.5m last time. Earnings are forecast at 9p, with the dividend inched up to around 3p (2.8p).

Integration of the Pillar acquisition and the performance of the UK products division will be high on observers' agendas.

TUESDAY: A good half for the cruise industry is expected to have helped P&O, the shipping, construction and property group, lift pre-tax profits to between £100 and £130m, against £80.1m. Analysts reckon that volume growth in ferries will have offset the price war and that profits from house-building and investment property will be flat. They anticipate a dividend of 13.5p, against last time's 24p, which was higher due to the enhanced scrip alternative.

TUESDAY: Interim results from pharmaceutical group Fisons are expected to come in at under £40m, with most analysts clustered around the £35m mark. The progress of Intal, the anti-asthma treatment, will be of particular interest, especially given the threat of generic alternatives and the performance of the US market. Restructuring at the group's scientific instruments business will also be the focus of some interest.

TUESDAY: An increase in first-half pre-tax profits from £82m to about £93m at Kingfisher, the retailing group, is not expected to lift the gloom surrounding the stock, which has fallen from a high of 778p last December to 488p yesterday.

The results will include a full contribution for the first time from Darty, the French electrical retailer. Stripping out the increase from Darty, the underlying result is forecast to be down on last year.

WEDNESDAY: Lasmo, the oil explorer, is expected to announce interim net losses of £20m, excluding exceptionals, against net profits last year of £20m. Few surprises are expected after the barrage of information delivered in its defence from the £1.6bn hostile bid by Enterprise Oil this summer. But investors who backed Lasmo widely in the battle will want clearer indications of when the losses will come to an end.

WEDNESDAY: Prudential Corporation, the UK's largest life insurance company, reports its interim results. Analysts' forecasts for pre-tax profits range from £243m to £283m. This compares with £242m last time and is expected to include a significant recovery in the general insurance business.

THURSDAY: Legal & General, another of the UK's larger proprietary insurance groups, reports interim results. Like Guardian Royal Exchange, the composite insurance group, L&G accounts for realised and unrealised capital gains and losses in its profit and loss account, and analysts expect this to produce a profit fall from £75m, to £48m-£58m in the first six months of the year.

THURSDAY: United Biscuits is likely to report interim pre-tax profits of about £75m, against £70.8m a year earlier before a £62.7m gain on disposals. A dividend increase is unlikely. UB's business might have slowed a little since the AGM with, for example, a price war in crisps.

THURSDAY: Booker's interim pre-tax profits are likely to be down by about 5 per cent at £28.5m, with an unchanged dividend. New management is still retrenching and its cash and carry business remains tough.

FRIDAY: Next, the fashion retailer, is expected to provide evidence of its continuing recovery, with interim pre-tax profits up from £23m to about £32m. Although sales are thought to have been hit by the very hot weather in July, the company is expected to report a return to strong sales growth since then.

RESULTS DUE

Company	Sector	Anncmnt due	Dividend (p)* Last year Int.	Last year Final	This year Int.
FINAL DIVIDENDS					
BZW Convertible Inv Tr	InTr	Wednesday	1.5	-	1.5
Bailey (CH)	OtSv	Friday	-	-	-
British Data Management	SpSv	Tuesday	1.5	3.25	1.65
CALA	B&C	Thursday	0.75	1.56	0.90
Castle Communications	LeH	Monday	4.0	4.5	4.5
Conrad Ritblat	Prop	Tuesday	-	-	-
Cortecs Intl	Hlth	Tuesday	-	-	-
Dalgety	FdMa	Monday	7.65	12.65	8.0
Domestic & General Grp	Ins	Tuesday	7.5	15.0	9.25
Dowding & Mills	E&EE	Monday	0.92	1.5	0.94
East German Inv Tst	InTr	Thursday	-	0.2	-
Expiaura Hldgs	BdMa	Friday	-	-	-
FII Group	Text	Monday	6.0	8.75	6.0
Fleming Overseas Inv Tst	InTr	Tuesday	1.5	2.7	1.5
Foreign & Colonial High	InTr	Wednesday	1.2	1.42	1.2
Gartmore Scotland Inv Tr	InTr	Tuesday	-	-	-
Haggas (John)	Text	Tuesday	1.0	2.0	1.0
Industrial Control Servs	E&EE	Thursday	1.33	3.07	1.5
Korea Europe Fund	InCo	Monday	-	-	-
Lincat Group	Eng	Wednesday	2.0	4.0	2.2
Logica	SpSv	Thursday	1.25	2.75	1.4
Marlvale Moore	Prop	Monday	-	-	-
Minorco	Extn	Thursday	-	-	-
Perpetual Jap Inv	InTr	Monday	-	-	-
Pict Petroleum	OlE	Monday	-	-	-
Polypipe	BdMa	Wednesday	0.66	1.44	0.71
Primadona	InTr	Thursday	2.0	2.5	2.0
Second Alliance Tst	InTr	Monday	12.5	28.5	13.0
Sirdar	Text	Thursday	1.66	3.7	1.72
Usher (Frank) Hldgs	Text	Tuesday	2.5	3.5	2.5
Zambia Copper Invs	Extn	Friday	-	-	-
INTERIM DIVIDENDS					
APV Plc	Eng	Thursday	2.0	3.4	-
Aegis Group	Med	Wednesday	-	-	-
Amey Hldgs	B&C	Monday	-	-	-
Applied Distribution	Tran	Thursday	-	-	-
Aran Energy Plc	OlE	Friday	-	-	-
Argent Group	Prop	Wednesday	-	-	-
Arlen	E&EE	Wednesday	-	-	-
Aspen Communications	PP&P	Monday	2.0	2.9	-
Assoc British Ports Hldgs	Tran	Wednesday	3.5	5.8	-
Bardon Group	BdMa	Monday	0.5	1.2	-
Barlows Plc	Prop	Thursday	-	-	-
Baynes	Eng	Tuesday	0.575	1.075	-
Beauford	Eng	Thursday	-	-	-
Bentalls	ReGn	Thursday	0.80	1.4	-
Biotrace Intl	Hlth	Monday	-	-	-
Blagden Industries	PP&P	Tuesday	1.5	-	-
Blenheim Group	Med	Wednesday	3.4	6.85	-
Bloomsbury Publishing	Med	Tuesday	-	-	-
Booker	FdMa	Thursday	7.5	14.25	-
British Biotech	Phrm	Monday†	-	-	-
British Fittings Group	Dist	Thursday	0.75	1.25	-
British Mohair	Text	Thursday	1.4	7.1	-
British Polythene Inds	PP&P	Monday	3.75	7.75	-
Bruntcliffe Aggregates	Extn	Friday	-	0.5	-
Candover Investments	InTr	Monday	3.95	7.05	-
Caird Group	OtSv	Wednesday	-	-	-
Calor Group	Gas	Wednesday	6.0	6.5	-
CAMAS	BdMa	Wednesday	-	-	-
Canning (W)	Chem	Wednesday	2.84	4.35	-
Caradon	BdMa	Tuesday	2.83	6.08	-
Claremont Garments (Hld)	Text	Tuesday	3.6	4.5	-
Clyde Petroleum	OlE	Tuesday	-	-	-
Computerised Financial	n/a	Thursday	-	-	-
Co-Operative Bank	Bank	Tuesday	4.625	4.625	-
Courtaulds Textiles	Text	Thursday	4.7	9.5	-
Crean (James)	FdMa	Thursday	-	-	-
Crestacare	Hlth	Tuesday	0.25	0.5	-
Crockfords	LeH	Tuesday	-	2.5	-
Cussins Property Group	B&C	Tuesday	1.0	2.0	-
DRS Data & Research Ser	E&EE	Tuesday	-	-	-
Dairy Farm Intl Hldgs	ReFd	Thursday	-	-	-
Delta Plc	E&EE	Tuesday	4.2	10.3	-
Devro Intl	FdMa	Wednesday	-	4.17	-
Dewhirst Group	Text	Monday	0.4	1.05	-
EBC Group	B&C	Tuesday	1.75	2.35	-
EIS Group	Eng	Monday	3.3	9.0	-
Elys (Wimbledon)	ReGn	Friday	1.5	1.5	-
Eness	E&EE	Tuesday	-	0.10	-
Enshert Co	n/a	Wednesday	-	-	-
English China Clays	Extn	Wednesday	6.6	13.4	-
Era Group	ReGn	Wednesday	-	-	-
Eyecare Products Plc	Hlth	Tuesday	1.0	1.0	-
FBD Holdings	n/a	Tuesday	-	-	-
Fairey Group	E&EE	Monday	3.8	6.0	-
Fidelity Accumulating	n/a	Monday	-	-	-
Fidelity Distribution	n/a	Monday	-	-	-
Finlay (James)	FdMa	Tuesday	2.0	2.15	-
Fired Earth	ReGn	Friday	-	-	-
Fisons	Phrm	Tuesday	3.3	1.0	-
Fleming High Inc Inv	InTr	Tuesday†	1.1	-	-
Folkes Group	Prop	Thursday	0.575	0.825	-
Forth Ports	Tran	Monday	2.25	5.0	-
Healthcall Group	Hlth	Monday	-	-	-
HongKong Land Hldgs	Prop	Friday	-	-	-
Hornby Group	LeH	Friday	-	9.0	-
Independent Insurance	Ins	Thursday	3.5	4.75	-
Intl Biotec Tst	n/a	Wednesday	-	-	-
Intl Business Com	Med	Tuesday	-	2.0	-
Jackson Group	B&C	Thursday	0.5	1.3	-
John Lewis	n/a	Thursday	-	-	-
John Lewis Partnership	n/a	Thursday	-	-	-
Jupiter Tyndall Group	OtFn	Monday	4.0	7.0	-
Keller Group	B&C	Friday	-	-	-
Kingfisher	ReGn	Tuesday	4.4	10.5	-
Kleinwort Smaller Co's	InTr	Wednesday	1.5	2.0	-
Kwik-Fit Hldgs	Dist	Thursday	1.5	2.3	-
Lambert Howarth Group	Text	Wednesday	4.5	9.25	-
Lasmo	OlE	Wednesday	1.3	-	-
Legal & General Group	L/A	Thursday	6.5	13.6	-
Liberty	ReGn	Monday	1.65	5.35	-
London Forfaiting Co	OtFn	Wednesday	3.2	6.1	-
Lopex	Med	Tuesday	-	0.25	-
Macallan-Glenlivet	SW&C	Friday	0.36	0.74	-
Mandarin Oriental	LeH	Friday	-	-	-
Mayborn Group	HseG	Tuesday	1.8	3.9	-
Meggitt	Eng	Thursday	1.3	2.63	-
Merchants Trust	InTr	Monday	2.85	2.85	-
Middlesex Holdings	n/a	Wednesday	-	-	-
Midland Indp. Newspapers	Med	Friday	-	-	-
Mirror Group	Med	Thursday	-	-	-
Murray European Inv Tst	InTr	Monday	-	0.28	-
National Express	Tran	Thursday	2.5	5.0	-
Nestor BNA	Hlth	Monday	1.15	2.0	-
Newey Group	n/a	Wednesday	-	-	-
Next	ReGn	Friday	1.5	4.0	-
Nth Atlantic Smaller	InTr	Tuesday	-	-	-
OIS Intl Inspection	SpSv	Friday	0.7	1.4	-
Owen & Robinson	ReGn	Tuesday	-	-	-
P&O Steam Navigation	Tran	Tuesday	-	-	-
Parkdean Leisure	LeH	Tuesday	-	1.3	-
Pendragon	Dist	Monday	2.4	4.8	-
Perkins Foods	FdMa	Tuesday	1.75	2.7	-
Proudfoot	SpSv	Thursday	2.0	1.5	-
Prudential Corp	L/A	Wednesday	4.5	8.7	-
Record Holdings	Eng	Tuesday	1.15	2.45	-
Rockel	BdMa	Wednesday	1.3	3.0	-
Roxboro Group	E&EE	Wednesday	-	-	-
Royal Dutch Petroleum	Oil	Thursday	-	-	-
Rugby Estates	Prop	Wednesday	-	-	-
S&U	OtFn	Thursdy	2.6	6.9	-
Savoy Hotel	LeH	Wednesday	-	3.5	-
Select Appointments	SpSv	Monday	-	-	-
Sharpe & Fisher	BdMa	Monday	1.5	2.7	-
Shell Trans & Trading	Oil	Thursday	10.2	13.8	-
Singer & Friedlander	MrBk	Monday	1.25	1.75	-
Stat Plus Group	SpSv	Wednesday	4.0	4.8	-
Swallowfield	HseG	Thursday	2.2	3.0	-
Taylor Woodrow	B&C	Tuesday	0.5	1.0	-
Thailand Intl Fund Ltd	n/a	Monday	-	-	-
Trinity Intl Hldgs	Med	Tuesday	3.0	6.7	-
Try Group	B&C	Wednesday	0.5	-	-
UK Safety	Text	Monday	1.04	1.56	-
United Biscuits (Hldgs)	FdMa	Thursday	5.5	8.8	-
United Friendly Group	L/A	Tuesday	3.5	11.0	-
Vardon	LeH	Wednesday	0.3	0.825	-
Vymura	HseG	Tuesday	-	-	-
Warrants & Value Inv	InTr	Thursday	-	-	-
Watmoughs (Hldgs)	PP&P	Tuesday	3.0	5.1	-
Whatman	Eng	Thursday	3.3	6.9	-
Wood (Arthur) & Son	HseG	Thursday	-	3.0	-
Woodchester Inv Plc	OtFn	Wednesday	-	-	-
Wyevale Garden Centres	ReGn	Tuesday	2.75	1.65	-
Zambia Copper Invs	Extn	Friday	-	-	-

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue. Reports and accounts are not normally available until about 6 weeks after the board meeting to approve preliminary results. † 1st quarterly. ♦ 2nd quarterly. ★ 3rd Quarterly

PRELIMINARY RESULTS

Company	Sector	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Adscene Grp	Med	May	3,050	(2,100)	13.6	(10.1)	6.5	(5.0)
Alliance Resources	OlE	Apr♦	1,180	(1,630)	-	(-)	-	(-)
Bellwinch	B&C	Jun	544	(181)	1.1	(0.9)-	(-)	
Black (Peter)	Text	Jun	12,400	(9,100)	15.56	(11.18)	4.47	(3.7)
Cantors	ReGn	Apr	2,540	(1,670)	10.33	(6.66)	4.0	(4.0)
Courtyard Leisure	LeH	Mar	296 L	(578 L)	-	(-)	-	(-)
Glaxo Hldgs	Phrm	Jun	184,000	(166,000)	42.9	(39.9)	27.0	(22.0)
HTR Japanese	InTr	Jul†	113.1	(90.48)	0.54	(-)	0.45	(-)
Haynes Publishing	Med	May	5,040	(3,950)	19.5	(17.53)	9.0	(8.5)
Isotron	Hlth	Jun	3,070	(3,110)	17.0	(17.3)	4.77	(4.34)
Macro 4	SpSv	Jun	11,200	(10,500)	34.2	(31.5)	20.0	(17.75)
Nthn Indl Imp Tst	InTr	Mar	469	(493)	25.6	(27.55)	25.0	(25.0)
River & Merc Smlr	InTr	Jul†	143.6	(132.2)	4.11	(4.07)	4.13	(4.0)
TR City of London Tst	InTr	Jun†	135.33	(133.64)	5.25	(4.59)	5.0	(4.8)
TR Euro Growth Trust	InTr	Jun†	170.99	(117.64)	2.48	(2.61)	1.7	(1.7)
Tottenham Hotspur	LeH	May	865	(3,360)	3.7	(18.1)	1.0	(5.0)
Wills Group	Dist	Jul	2,960	(1,580)	1.85	(1.6)	0.5	(0.4)

INTERIM STATEMENTS

Company	Sector	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
AMEC	B&C	Jun	9,300	(9,100)	1.5	(1.5)
ASW Holdings	Eng	Jun	700	(1,500)	3.0	(3.0)
Appleyard	Dist	Jun	4,200	(2,610)	2.9	(2.6)
Arjo Wiggins Appltn	PP&P	Jun	105,100	(63,000)	2.65	(2.65)
Avonmore Foods	FdMa	Jun‡	10,100	(9,990)	1.65	(1.55)
Avonside Group	B&C	Jun	2,640	(2,200)	2.1	(1.9)
BBA Group	EngV	Jun	23,100	(50,300)	1.5	(2.25)
BTR	Dvln	Jun	694	(596)	5.2	(4.85)
BTR Nylex	Dvln	Jun¥	354	(309)	5.25	(5.0)
Baird (William)	Text	Jun	8,800	(8,770)	3.55	(3.55)
Bletchley Motor	Dist	Jun	1,130	(785)	5.375	(4.75)
Bluebird Toys	LeH	Jun	7,190	(1,990)	2.0	(-)
Blue Circle Inds	BdMa	Jun	48,100	(80,500)	3.75	(3.75)
Boddington	Brew	Jul	13,100	(25,200)	3.15	(2.86)
Bostrom	EngB	Mar	2,250	(1,000)	2.5	(2.5)
Bowater	PP&P	Jun	105,000	(103,000)	5.8	(5.3)
Brammer	Dist	Jun	6,540	(4,230)	4.5	(4.5)
Brent Intl	Chem	Jun	4,010	(931)	1.6	(1.6)
Britannia Bldg Soc	n/a	Jun	46,800	(26,500)	-	(-)
British Dredging	BdMa	Jun	858	(739)	2.6	(2.6)
British Gas	Gas	Jun	630,000	(634,000)	6.4	(6.4)
British Vita	Chem	Jun	23,710	(16,280)	3.75	(3.65)
Bunzl	PP&P	Jun	2,200 L	(26,000)	1.8	(1.6)
Burford	Prop	Jun	5,120	(1,930)	0.75	(0.65)
Burmah Castrol	Oil	Jun	103,800	(89,500)	10.0	(16.5)
Burnfield	Eng	Jul	1,540	(493 L)	1.0	(1.65)
CRH	BdMa	Jun‡	40,100	(25,100)	2.5	(2.27)
Cadbury Schweppes	FdMa	Jun	204,800	(166,200)	4.6	(3.6)
Cakebread Robey	BdMa	Jun	425	(106)	-	(-)
Calderburn	Text	Jun	2,840	(1,410)	2.9	(2.8)
Canadian Pizza	FdMa	Jul	1,420	(1,680)	2.4	(-)
Camanloe	Chem	Jun	24	(552)	0.4	(-)
Cheltenham & Glos	n/a	Jun	106,000	(75,300)	-	(-)
China Communications	Med	Jun‡	208	(51 L)	-	(-)
Church & Co	ReGn	Jun	864	(565)	3.0	(3.0)
Coats Viyella	Text	Jun	69,200	(62,800)	3.5	(3.25)
Computer People	SpSv	Jun	733	(364)	1.0	(-)
Cookson Group	Dvln	Jun	53,800	(38,900)	3.2	(3.0)
Copymore	E&EE	Jun	1,110	(758)	2.6	(2.5)
Croda International	Chem	Jun	19,500	(18,500)	3.1	(2.95)
Dartmoor Inv Tst	InTr	Jul†	108.3	(88.6)	2.8	(2.5)
Davis Service Group	SpSv	Jun	10,900	(8,470)	2.87	(2.73)
Eclipse Blinds	BdMa	Jun	1,370	(787)	-	(-)
Edinburgh Income Tst	InTr	Jul†	48.5	(50.2)	1.0	(1.0)
Energy Capital Inv Co	InTr	Jun†	43.38	(-)	-	(-)
Enterprise Oil	OlE	Jun§§	8,500	(80,100)	6.5	(6.5)
Estates & General	Prop	Jun	970 L	(1,530 L)	-	(-)
Exeter Pref Cap Inv	InTr	Jul	349 L	(91)	-	(-)
Expamet	Eng	Jun	2,600	(2,000)	1.35	(1.25)
Fairbairn Intl	OlE	Jun♦	7,090	(37,400)	0.5	(0.5)
Fife Indmar	Dist	Jun	431	(424)	0.75	(0.75)
Frost Group	ReGn	Jun	4,880	(3,340)	2.7	(2.2)
Gaskell	HseG	Jul	24	(383)	1.5	(1.5)
Gowrings	Dist	Jun	179	(137 L)	1.0	(1.0)
Grafton Group	BdMa	Jun‡	2,840	(1,220)	3.5	(3.0)
Halifax Bldg Soc	n/a	Jul	486,000	(411,000)	-	(-)
Hall Engineering	Eng	Jun	2,010	(3,750)	5.0	(6.48)
Henlys	Dist	Jun	8,460	(3,220)	2.5	(1.5)
Haywood Williams	BdMa	Jun	16,100	(22,740)	5.0	(4.5)
Hillsdown	FdMa	Jun	65,600	(62,300)	2.2	(2.2)
Hobson	Dist	Jun	530	(544 L)	-	(-)
Home Counties News	Med	Jun	978	(155)	2.5	(2.0)
IMI	Eng	Jun	37,000	(35,500)	4.4	(4.2)
Iceland	ReFd	Jul	32,100	(30,100)	1.32	(1.2)
Intrum Justitia	OtFn	Jun	7,010	(7,470)	1.1	(1.1)
JIB Group	Ins	Jun	13,700	(11,700)	2.5	(2.5)
John Mansfield	BdMa	Jun	102	(36 L)	-	(-)
Kingspan	BdMa	Jun‡	2,050	(1,300)	1.2	(1.0)
Laing (John)	B&C	Jun	11,900	(5,100)	3.0	(3.0)
Litho Supplies	Dist	Jun	2,500	(2,200)	2.73	(-)
Manders	Chem	Jun	18,300	(4,920)	2.9	(2.9)
Medeva	Phrm	Jun	22,100	(13,000)	1.1	(0.9)
Metsec	Eng	Jun	754	(505)	1.0	(-)
Mithras Inv Trust	InTr	Jun†	61.5	(-)	-	(-)
NFC	Tran	Jul	76,800	(116,300)	4.5	(-)
Newman Tonks	BdMa	Jun	9,700	(8,110)	2.75	(2.53)
Nurdin & Peacock	ReFd	Jul	2,080	(7,070)	2.16	(2.06)
OGC Intl	OlE	Jun	5,830	(5,330)	1.8375	(1.75)
Ocean Group	Tran	Jun	19,700	(20,600)	4.71	(4.71)
Oliver	ReGn	Jul	1,650 L	(2,240 L)	-	(-)
Oriel	Ins	Jun	2,030	(28 L)	2.0	(2.0)
PCT Group	Dist	Jun	823	(751)	2.7	(2.5)
Pearson	Med	Jun	69,300	(46,300)	5.75	95.375)
Peak	E&EE	Jun	3,260	(2,070)	1.05	(1.05)
Pentland	Text	Jun	18,800	(6,700)	1.25	(1.18)
Plantsbrook	OtSv	Jun	6,440	(5,960)	-	(-)
Plasmec	Chem	Jun	352	(237 L)	1.5	(0.75)
Portals	PP&P	Jun	18,200	(13,500)	5.75	(5.25)
Porvair	Chem	May	954	(849)	1.6	(1.4)
Princedale	Med	Jun	909	(71 L)	0.2	(-)
RPS	Prop	Jun	525	(388)	1.3	(1.1)
RTZ	Extn	Jun	427,000	(339,000)	9.0	(-)
Radius	SpSv	Jun	806	(1,170 L)	0.35	(0.45)
Readymix	n/a	Jun‡	1,360	(1,050)	0.55	(0.55)
Robinson Brothers	n/a	Jun	1,450	(1,900)	-	(-)
Royal Doulton	HseG	Jun	2,820	(3,790 L)	1.75	(1.65)
Russell (Alexander)	BdMa	Jun	1,450	(632)	1.0	(0.5)
Scholl	Hlth	Jun	9,960	(11,700)	2.6	(2.6)
Schroders	MrBk	Jun	103,200	(65,900)	6.0	(4.0)
Scotia Holdings	Phrm	Jun	1,540 L	(2,580 L)	-	(-)
Sema Group	SpSv	Jun	12,560	(15,213)	1.6	(1.2)
Severfield-Reeve	B&C	Jun	305	(210)	0.5	(0.25)
Simon Engineering	Dist	Jun	12,440 L	(52,800 L)	-	(-)
Strong & Fisher	Text	Jun	1,750	(1,720)	-	(-)
Summit	InTr	Jun†	229	(168)	0.7	(0.7)
Sun Alliance	Ins	Jun	180,200	(61,700)	5.5	(5.25)
Suter	Dvln	Jul	12,000	(29,600)	3.5	(3.4)
TLS Range	Dist	Jun	720	(34)	0.5	(-)
Telspec	E&EE	Jun	2,520	(1,940)	1.2	(-)
Torday & Carlisle	Dist	Jun	546 L	(17)	-	(-)
USDC Investment Trust	InTr	Jun†	274.4	(281.5●)	1.25	(1.25)
WSP	SpSv	Jun	545	(279)	1.0	(0.9)
Wales City of London	Prop	Jun	1,300 L	(800)	-	(-)
Wellington Group	Chem	Jun	1,840	(1,260)	1.2	(-)
Wilson Bowden	B&C	Jun	16,500	(16,800)	2.85	(2.65)
Wilson Connolly	B&C	Jun	13,300	(8,200)	1.36	(1.27)
Wimpey (George)	B&C	Jun	7,500	(200 L)	2.0	(2.0)
Yorkshire Food	FdMa	Jun	780 L	(376 L)	0.8	(0.72)

(Figures in parentheses are for the corresponding period.)
*Dividends are shown net pence per share, except where otherwise indicated. L = loss. † Net asset value per share. ‡ Irish punts and pence. ⅔ 3 month figures. ♦ US dollars and cents. ● Previous year end figure. §§ Net figures. ¥ Australian dollars and cents

RIGHTS ISSUES

Emap is to raise £77.2m via a 1 - 8 rights issue @ 380p.

OFFERS FOR SALE, PLACINGS & INTRODUCTIONS

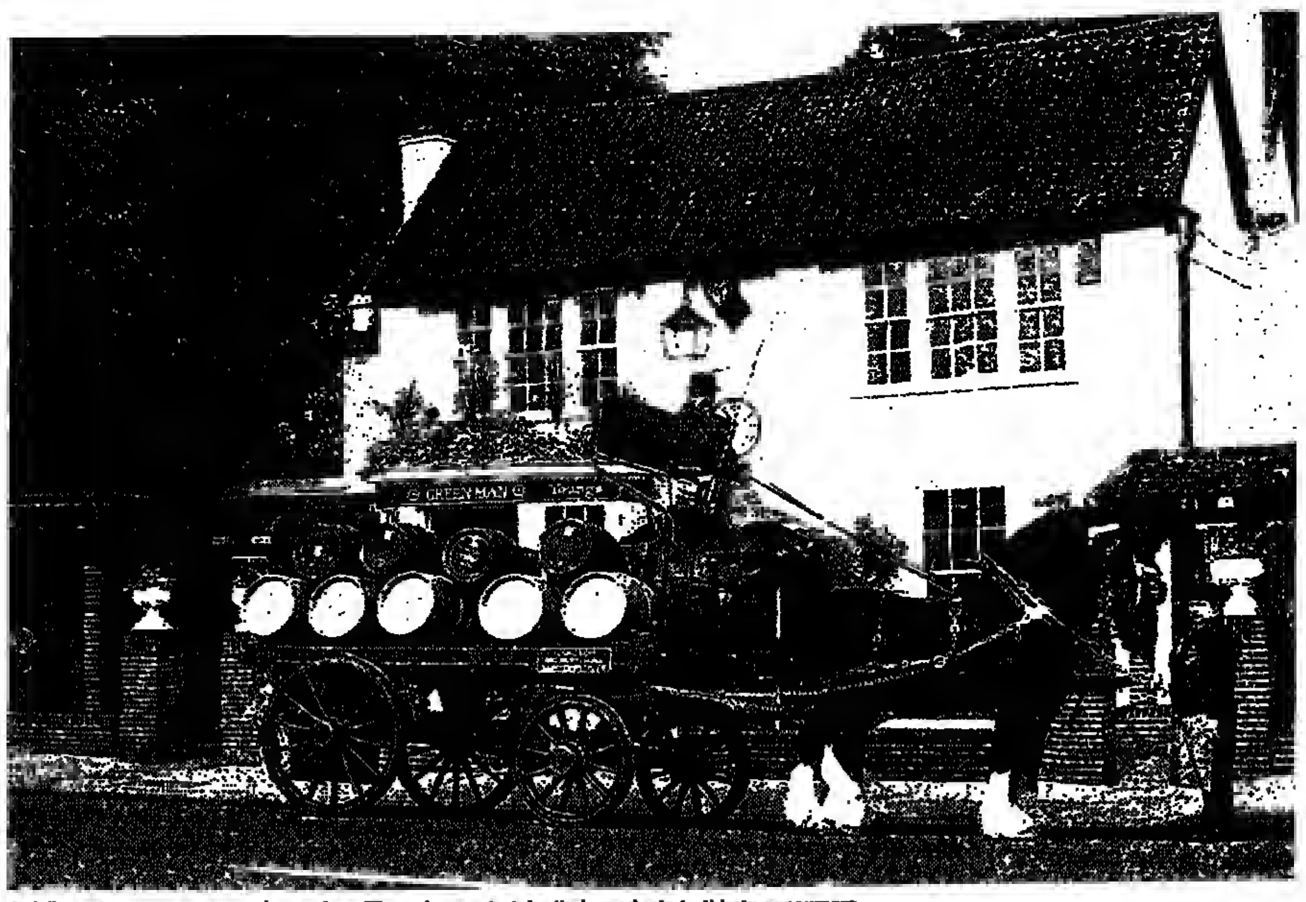
ED&F Man is to raise £90m via its flotation.
Games Workshop is to raise £20m via its flotation.
Mackie International is coming to the market via a placing.
Norbain is to raise £10m via a open offer.

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £ms**	Bidder
	Prices in pence unless otherwise indicated				
Castle Comms	380*	380	340	24.50	ACE Holdings
Dale Electric	70¼*	73	60	16.00	TT Group
Elswick	18¼	17¼	12	37.70	Ferguson Int'l
Low (Wm) ‡	360*	362	169	247.00	Tesco
Scholes	250*	253	193	96.10	Hanson
Towles ‡	275*	266	243	4.22	London City
Trans World ‡	161	179	173	70.80	EMAP

*All cash offer. §For capital not already held. ‡ Unconditional. **Based on 2.30 pm prices 9/9/94. §§Shares and cash

FINANCE AND THE FAMILY



A delivery to savour ... some breweries still use horses to take their products to thirsty consumers

Time, gents – to invest

***Bethan Hutton** drinks in the news of a trust aimed at breweries*

One well-known brewer calls its product "amber nectar" – and, to drinkers the world over, that describes beer perfectly. But actually putting money where their mouths are, and buying into a brewery, is something else.

Now, though, one sober City firm is offering small investors an easy way to do just that. Lazard Investors believes the UK's regional brewing companies are set to prosper. So, it has taken the unusual step of launching an investment trust to specialise in these, along with pub companies and others producing or selling drinks. It aims to raise at least £50m from individuals and institutions.

The trust is to be managed by Billy Whitbread, a member of the brewing family and formerly manager of the Whitbread Investment Company, a trust set up to hold shares mainly in regional brewers. It was bought back by the parent company at the end of last year.

The Lazard trust will invest mostly in regional brewers listed on the main London Stock Exchange – such as Wolverhampton & Dudley, Marston Thompson and Mansfield Brewery – and will look also at companies on the Unlisted Securities Market and elsewhere.

At the start, it might buy shares in the large national brewers as well; but as opportunities arise to invest in the smaller companies, shares in the big ones will be sold. Investment of small amounts in unquoted and overseas companies which fit the trust's criteria will be considered, too.

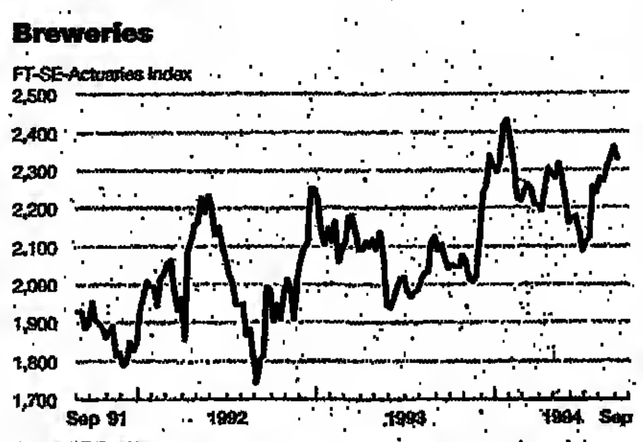
Analyst Martin Hawkins, of Greig Middleton, says the one-time trend for shares in the regional brewers to trade at a premium to the market has been absent since 1990. This is because brewing companies generally have not been popular with investors after the industry shake-up caused by the Monopolies and Mergers Commission.

Hawkins adds, however: "With a more favourable trading outlook now for the regional brewer than has been evident for some time, we feel that this prolonged period of discount to the market is likely to be nearing an end."

Most of the regional brewers concentrate on producing beers with a strong local following rather than developing national brands. Recent government rules forcing the large national brewers to allow their tied pubs to stock "guest beers" have helped the smaller regional brewers, too.

The proportion of beer drunk at home has been increasing for some time and, initially, this favoured the mainstream beers and lagers stocked by supermarkets. But the growing popularity of bottled traditional English beers means that a variety of brands is now stocked by many of the main off-licence and supermarket chains – which also is good news for the regionals.

Any fund which invests in such a narrow range of companies has a higher risk profile than more diversified funds. But Whitbread says brewing shares actually are comparatively low risk as the sector is less volatile than many others. He adds, however, that the trust is really suitable only for shareholders with a relatively large and diversified portfolio.



Source: FT Graphite

One drawback for small investors who choose to invest in brewers via a trust is that only direct shareholders are entitled to the perks offered by some of the companies. Burtonwood Brewery, for example, gives shareholders discount vouchers for bar snacks and meals at its pubs. The Vaux Group also offers discounts on meals, drinks and accommodation and provides a buffet lunch at its annual general meeting, while Greene King shareholders can get discounts on cases of fine wine.

■ In a similarly alcoholic vein, Neill Clerk Capital is looking for up to £3m for three new companies being set up under the enterprise investment scheme (EIS), successor to the business expansion scheme. The Unchained Growth Pub Companies I to III will buy pubs in and around London to be managed by the recently floated Regent Inns group, which itself is a former BES company.

The scheme offers investors a limited guarantee which promises that if, after five years, the asset value of the £1 shares has not grown to at least £1.40, Regent Inns will contribute up to 40p a share to make them up to that level.

Losses on EIS schemes can be offset against tax and individuals, who can invest up to £100,000 in EIS companies each year, are entitled to 20 per cent tax relief on the initial investment. Minimum investment in Unchained Growth is £500.

FINANCE AND THE FAMILY

DIRECTORS' SHARE TRANSACTIONS IN THEIR OWN COMPANIES (LISTED & USM)

Company	Sector	Shares	Value	No of directors
SALES				
Brandon Hire	BCon	39,000	21,200	1
Eurocamp	L&HI	50,000	140,000	1
Perpetual	OthF	7,000	82,950	1
Polar	Dist	50,000	137,500	1
Rank Org	L&HI	22,000	93,280	1
Marston Thompson	Brew	116,500	347,170	2*
PURCHASES				
Airsprung	HGod	80,000	200,000	1
Barr & WAT	L&HI	42,000	228,900	4
Eclipse Blinds	BM&M	650,000	52,000	3
GEC	EE&E	10,000	31,000	1
Granada	L&HI	2,000	10,000	1
Hartstone	Text	386,427	57,964	4
London Ins Mkt	Insu	33,323	32,323	1
Northumbrian Fds	FdMa	330,000	35,300	3
Quadrant Group	L&HI	10,000	3,100	1

Value expressed in £000s. This list contains all transactions, including the exercise of options (*) if 100% subsequently sold, with a value over £10,000. Information released by the Stock Exchange August 30 – September 2 1994.
Source: Directus Ltd, The Inside Track, Edinburgh

Directors' transactions

Directors of tha **Rank Organisation**, the leisure giant, are not among the most active traders on the market but James Daly, director of the television and film division, has sold almost two-thirds of his stake at a price of 424p.

□ **Brandon Hire** rents out all manner of tools and equipment, ranging from power tools to marquees. The share price has been an outstanding performer over the past year, growing from about 28p some 18 months ago to trade now around 77p.

Brian Nathan, the chairman, is one of the largest shareholders with a stake of more than 14 per cent. His recent sale of 39,000 shares at 80p must represent a little profit taking.

□ Kaith Carnelly, the chairman and chief executive of **Polar**, an electronics outfit, is another director with a considerable stake in his company. His recent sale of 50,000 shares still leaves him with a holding of more than 3m.

□ By the end of August, we had recorded a ratio of 3.5 buys to every sell over the course of the month.

The figure for July was 4.2 buys for every sale, suggesting there has been some slowdown in directors' enthusiasm for the market.

Vivien MacDonald,
The Inside Track

Thumbs up for disclosure

More insurers are accepting the new rules, says ***Alison Smith***

There are signs that life companies are beginning to accept, however reluctantly, that they should introduce the new disclosure rules for the financial services industry before January 1 – the mandatory deadline for tha first tranche of changes. All of them must be in place by June.

The rules, which require sales agents to provide customers with more information about products and charges, have been resisted fiercely by the industry but are now seen as inevitable.

Tha TSB group has just become the first mass market life insurer to announce that it will introduce the full system from November 1. Until then, Equitable Life had been the only life insurer to break ranks and implement the rules ahead of deadline.

Now Scottish Widows, a mutual life insurer, plans to join in. Over the antumn, it will introduce disclosure for one product range at a time. The first, probably from October, is likely to be a mortgage endowment policy with critical illness cover.

The TSB announcement is particnlarly significant because it is accompanied by other changes which also will affect customers who go to the bank for financial services. First, financial services staff who have beeo paid commission only will get a mix of commission and salary. John Elbourne, TSB's head of retail banking, says this shift will be accompanied by an integration of the bank and financial services staff into a single sales force divided into four tiers.

Staff at the first level will be paid a basic salary of £9,000 to £9,500 while those at the most highly-qualified level – who will be able to advise on anything from personal pensions to offshore funds – will get a basic £17,000 to £25,000. Only staff at the top two levels will be authorised to sell financial services products.

Beyond the salaries, there will be bonuses for branches which meet certain customer service standards and attain certain sales' levels. Individual bonuses also will be paid for staff who sell more than a certain figure over a quarter.

Although payment by commission has been attacked widely as encouraging sales of inappropriate products, Elbourne denies that customers would have been sold unsuitabla policies by staff because of the existing pay arrangements. He says the alteration in pay structures will not make much difference to the figures provided to customers in terms of the incentive to sell and the charges which must be disclosed.

In a further shift, TSB is to introduce new product ranges, also to coincide with the start of its financial year at the beginning of November. The emphasis will be on making them simple and straightforward, and one possibility would be a move towards "unbundling" – the separation into two distinct, but complementary, products of the protection and investment elements that make up packaged life insurance products.

PERMANENT INTEREST-BEARING SHARES

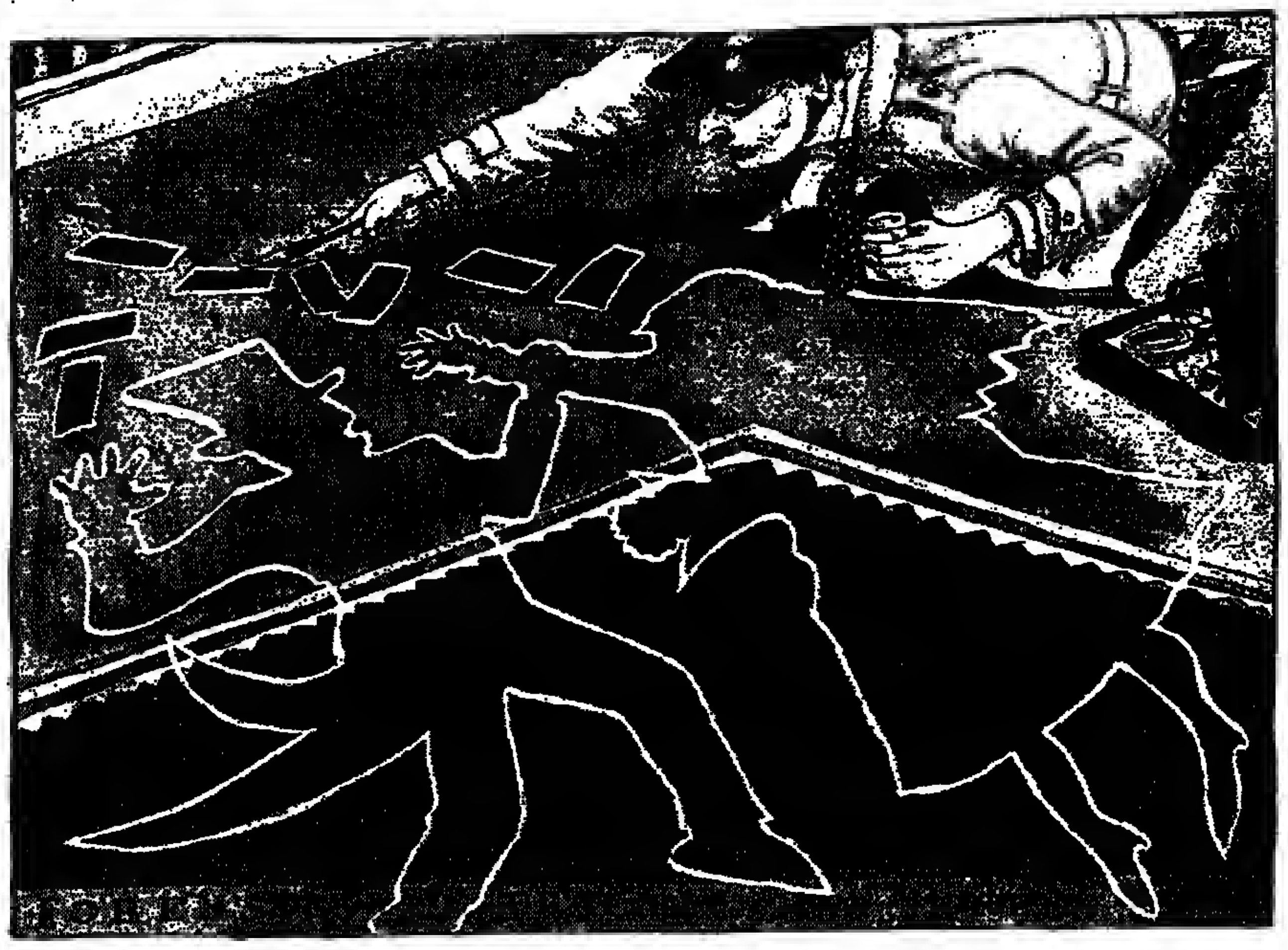
Stock	Coupon (gross %)	Minimum (£)	Issue date	Issue price (pence)	Price* (pence)	Yield* (gross, %)
Birmingham Midshires	9.38	1,000	16/12/93	100.17	86.75	10.80
Bradford & Bingley	13.00	10,000	30/9/91	100.20	122.75	10.59
Bradford & Bingley	11.63	10,000	29/6/92	100.13	111.75	10.40
Bristol & West	13.38	1,000	11/12/91	101.79	124.50	10.74
Bristol & West	13.38	1,000	31/10/91	100.34	124.50	10.74
Britannia (1st)	13.00	1,000	13/1/92	100.42	121.25	10.72
Britannia (2nd)	13.00	1,000	8/10/92	107.13	121.25	10.72
Cheltenham & Gloucs	11.75	50,000	21/10/92	100.96	113.75	10.33
Coventry	12.13	1,000	28/5/92	100.75	113.00	10.72
First National	11.75	10,000	4/5/93	100.25	99.25	11.84
Halifax	12.00	50,000	23/1/92	100.28	115.75	10.37
Halifax	8.75	50,000	7/9/93	100.62	85.50	10.23
Leeds Permanent	13.63	50,000	3/6/91	100.00	130.25	10.46
Leeds & Holbeck	13.38	1,000	31/3/92	100.23	123.00	10.87
Newcastle	12.63	1,000	8/9/92	100.45	115.25	10.95
Newcastle	10.75	1,000	15/6/93	100.32	99.13	10.85
North of England	12.63	1,000	23/6/92	100.14	117.25	10.77
Skipton	12.88	1,000	27/2/92	100.48	118.50	10.87

Source: Hoare Govett. *Opening purchase prices as at September 8; excludes accrued interest.

FINANCE AND THE FAMILY

Inside the world of the money hunters

If divorce looks inevitable, some people call for their lawyers first – and a forensic accountant next. ***Barbara Ellis*** *examines their role*



Lawyers are usually the first professionals to be called in by a divorcing couple but, in some instances, forensic accountants – who carry out specialised work for court cases – may be consulted almost as quickly.

Indeed, clieots – particularly tbose involved in divorce actions – often put lawyers under pressure to bring in a forensic accountant, according to Pauline Walker, a family law specialist with London solicitor Baileys, Shaw & Gillett.

"It was awfully fashionable in the late '80s," she says, "but not so much now, though. This is partly because the courts have come down heavily on spending large sums of money on investigations." Walker adds that most wives and husbands with business interests will always accuse the other partner of having money secretly tucked away.

She cautions, however: "Little chunks of £3,000 or £4,000 don't matter. With forensic accountants on the same rates as central London lawyers, you need to be finding £50,000 or £100,000 to make an investigation worthwhile."

Accountants see their main work in divorce cases as injecting some detached financial objectivity into what can be an emotional minefield.

In practical terms, this usually means running a check on the affidavit of means sworn by each party in the divorce (these are used as the basis of the financial settlement).

Chartered accountant Peter Lobbenberg, a specialist in the forensic side, says about 75 per cent of the divorce cases with which he deals involve women tracking down a husband's money, and 25 per cent men defending themselves – "probably because a man usually bas his own accountant and financial set-up".

Among the typical questions the accountant is asked, Lobbenberg cites:

- How much is my husband worth?
- Where has he hidden it?
- How can he raise the money?
- How much does my wife really need?

Checking past life-style against declared income is routine. Lobbenberg says it is probably easier for a sole trader or individual to hide assets than for someone owning a company, but easiest for someone in a cash business.

"Sometimes," he adds, "part of my responsibility is having to tell over-optimistic clients either that the crock of gold at the end of the rainbow doesn't exist or that the chances of finding it won't justify the cost."

Lobbenberg charges £200 an hour plus value added tax, and says his cases are typically in the £1,000 to £3,000 fee range (although some end up in five figures while others are much lower).

In common with other accountants in tbis field, he has a computer programme and a standard charge of £400 plus VAT for so-called Duxbury calculations. These are based on the 1987 case of Duxbury v Duxbury when the former wife of a millionaire was awarded sufficient income to satisfy her reasonable requirements, but also take into account the amount of income to be received each year, inflation, tax rates and allowances.

Many City accountants charge around £200 an hour for their services. At Touche Ross, Mike Barford estimates that divorce makes up about 5 or 10 per cent of the work of the forensic department. He says many divorce cases would involve total accounting costs of between £1,000 and £5,000, althongh the bill would be greater for a case that was large or complicated.

Touche Ross charges £300 for its Duxbury programme, but Barford points out that this is used less often now that lawyers have access to handbooks detailing the same information.

Barford says divorce candidates sometimes overlook the importance of taking care over the affidavit of means. "People are feeling very bitter and emotional and, if one party misses things out, there is often a tendency for the other to assume it is deliberate."

Another aspect of divorce cases often misunderstood is what a court can award. "Matrimonial cases are different from other litigation because the judge can split only the assets there are," says Barford. "A judge will never say the husband has behaved appallingly so he has to find the money."

Costs run up by each side will deplete the amount available to be split. Barford recalls a case where one party was convinced that the other was extremely wealthy. "By tbe time it was discovered he was not, over balf the joint assets had been spent on the investigation."

Barford adds: "If the husband is bugely wealtby, the award to the wife will broadly be based on her life-style. if she has been used to spending £100,000 and that is well within his capacity, then, broadly speaking, that is wbat she will get.

"If he declares £10m and the wife says he is lying and that he has £20m, it doesn't matter. If there are more assets than are needed to pay the wife, you don't need to investigate."

On the other hand, Barford stresses there is no point in spending money to prove that someone is used to a certain life-style if there are no assets left to maintain it.

As he explains: "A typical situation might be the wife of a Lloyd's Name who has led an expansive life-style and might feel entitled to it. But circumstances have changed. He is about to go bust and there is simply not the money available. You can only have what there is."

FINANCE AND THE FAMILY

Should we insure for old age?

More people are living longer. ***Bethan Hutton*** *explores the case for compulsory cover*

Insurance to pay for the cost of care in old age could become compulsory, according to *A Crisis in Care?*, a report published this week by the Family Policy Studies Centre and the Centre for Policy on Ageing.

It says longer life spans will lead to much larger numbers of very old people, a possible 40 per cent increase in dementia cases by the year 2020, and a much smaller proportion of working people to pay for the older generation's care.

According to the report, traditional patterns of care are changing, too. At the moment, family members – mainly middle-aged female relatives – provide more than two-thirds of care for the elderly.

Already, though, the number of women aged 45-69 for each person over 70 in Europe has fallen from 2.4 in 1960 to 1.6 now, and will drop much further. Higher divorce rates and more working women also will reduce the number of potential carers.

Perhaps surprisingly, tha report found that an increasing number of elderly people expressed a preference for professional rather than family care. But it notes: "Despite the evidence that the family may not be there to care for Europe's ageing population, memher states are increasingly stressing family care over state care."

One possible exception is Germany, which recently introduced a compulsory insurance scheme under which employers and staff share a 1 per cent tax on gross earnings to pay for long-term care. Francis McGlone, one of the report's authors, says: "Germany's new legislation . . . is something we should consider. It would not only meet the financial cost of long-term care, hut would also help to ensure that older people no longer became dependent on their families or means-tested benefits."

In the UK, the state health-care system no longer covers care of the elderly automatically. Anyone with assets of more than £8,000 has to meet the full cost of their own care. And although private insurance to cover long-term care has been available in the UK for several years, only a few thousand policies have been sold.

The cost can be a deterrent, particularly as the people most likely to consider long-term care insurance are around retirement age. For a man aged 65, wanting cover for nursing home fees of £300 a week, PPP Lifetime charges £117 a month for its most comprehensive policy. Alternatively, it would cost another £39 for a top-up policy to cover a £100 weekly short-fall between pension income and nursing home fees.

Unlike privata medical insurance, there are no automatic age-related increases once the policy is in force. But premiums usually can be reviewed at any time if the insurance company finds claim levels are greater than it expected.

PPP has just introduced a guarantee promising that premium and benefit levels will not be altered for the first 10 years, no matter what the claims experience turns out to be. Commercial Union, the other main provider of long-term care insurance, offers a five-year guarantee.

An unexpected bill for extra tax

I recently sold some insurance bonds (a mix of managed and international units) bought some years ago for a useful capital gain.

I declared this gain on my tax return hut, in his wisdom, my accountant decided that the sale should be declared under "all other income or profits" as a "chargeahle event".

The Inland Revenue has now added the full amount of the profit realised on the sale to my taxable income and reqnested payment at the 40 per cent rate.

As a result, I am now faced with an addition to my tax approaching £2,000 instead of enjoying what I expected to be a tax-free gain.

The bonds – from which I have drawn no income – are, in effect, an investment in unit trusts and, to my mind, should be treated as such for capital gains tax purposes.

Are my accountant and the Revenue correct, or do I have a case?

■ When you say that you "sold soma insurance bonds", we take it that what actually happened was that you surrendered a unit-linked, single-premium life assurance policy, or perhaps more than one such policy.

That being so (and assuming that no top-slicing relief is available under section 550 of the Income and Corporation Taxes Act 1988, which we cannot tell from the limited data), the gain will be taxahle at 15 per cent by virtue of section 547 (5) of the Taxes Act.

Only your accountant has enough precise background facts, figures and dates to say exactly what your tax bill should be.

Q&A BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

When life is a lottery

I have several thousand pounds worth of National Savings premium bonds as well as a few hundred pounds worth of prize bonds issued by the Prize Bond company of Dublin.

I like the idea of having a cash deposit linked to a regular, lottery-like chance of winning large cash prizes – and tax-free at that.

Are there are any other countries with reliable economies and currencies (such as Germany, the US, Canada, Australia and Switzerland) that issna similar "lottery bonds"?

■ As far as we are aware, the National Savings premium bonds in tha UK and the prize bonds issued by the Republic of Ireland are the only type of deposit schemes which link you to a regular possibility of receiving tax-free cash prizes.

Of course, simple lotteries are well established in many countries and, indeed, one is soon to begin in the United Kingdom. They depend, however, on buying tickets and your stake is lost rather than deposited. *(Answer by Murray Johnstone Personal Asset Management).*

Anyone here seen Alice?

I have found some share certificates in the name of Alice Edwards (Holdings) Ltd. Does this company still exist or has it been liquidated?

■ It changed its name to Brigray Group Ltd on June 30 1969. Brigray was wound up in May 1981 and the Inland Revenue approved the negligible value of the ordinary shares during the 1981/82 fiscal year.

The Professionals: The minimum portfolio investment column in the Factfile on page V last week referred to a portfolio of equities.

Short and sweet

Because of recent speculation about possible base rate increases, investors have become wary of buying into long-term, fixed-rate products. Building societies have responded by offering mnch more attractive short-term investments.

Halifax raised its Guaranteed Reserve fixed rates by half a percentage point on average last week. New three-year fixed products were introduced this week by Northern Rock, Dunfermline and Coventry.

Dunfermline has launched a three-year Caledonia bond to coincide with its move to a new head office. It pays 8 per cent gross on £5,000 and above. Northern Rock, which issued its new three-year fixed account earlier in the week at 8.75 per cent from £2,500, has been leapfrogged by Coventry, which is paying 8.80 per cent on £5,000 with a monthly option at 8.45 per cent.

Escalator bonds continue to flourish. Barclays has launched its own version, with rates starting at 6 per cent for the first year and rising to 12 in the fifth. Minimum investment is £2,000.

The market leader, however, is the new Step-Up bond from Portman. On a minimum balance of only £500, it pays yearly interest of 7 per cent in year ooe, rising to 8 in year two, 9 in year three, 10 in year four and 12 in year five.

Halifax International in Jersey has increased all rates on its Fixed Rate International account by up to 1.1 percentage points, making it the offshore market leader in terms of one to five years. The highest rate now available is 8.7 per cent annually for five years on £50,000.

Christine Bayliss,
Moneyfacts

HIGHEST RATES FOR YOUR MONEY

	Account	Telephone	Notice/ term	Minimum deposit	Rate %	Int. paid
INSTANT ACCESS A/cs						
Portman BS	Instant Access	0202 292444	Instant	£500	5.00%	Yly
Bradford & Bingley BS	Direct Premium	0345 248248	Postal	£1,000	5.40%	Yly
Skipton BS	3 High Street	0756 700511	Instant	£2,000	6.10%	Yly
Nottingham BS	Post Direct	0602 481444	Postal	£25,000	6.50%	Yly
NOTICE A/cs and BONDS						
Bradford & Bingley BS	Direct Notice	0345 248248	30Day(P)	£1,000	6.00%	Yly
Northern Rock BS	Postal 60	0500 505000	60Day(P)	£10,000	6.55%	Yly
Universal BS	1 Yr High Option	091 232 0973	90Day	£10,000	6.80%	Yly
Coventry BS	Fixed Rate Income	0800 126125	31.8.97	£5,000	8.80%F	Yly
MONTHLY INTEREST						
Britannia BS	Capital Trust	0538 391741	Postal	£2,000	5.37%	Mly
Bradford & Bingley BS	Direct Notice	0345 248248	30Day(P)	£10,000	6.30%	Mly
Universal BS	1 yr High Option	091 232 0973	90 Day	£1,000	5.95%	Mly
Coventry BS	Fixed Rate Income	0800 126125	31.8.97	£5,000	8.45%F	Mly
TESSAs (Tax Free)						
Market Harborough BS		0858 463244	5 Year	£9,000	7.60%	Yly
Hinckley & Rugby BS		0455 251234	5 Year	£3,000A	7.35%	Yly
Holmesdale BS		0737 245716	5 Year	£1	7.15%	Yly
Nottingham BS		0602 481444	5 Year	£1	7.10%	Yly
HIGH INTEREST CHEQUE A/cs (Gross)						
Woolwich BS	Current	0800 400900	Instant	£500	3.50%	Yly
Halifax BS	Asset Reserve	0422 335333	Instant	£5,000	4.50%	Qly
Chelsea BS	Classic Postal	0800 717515	Instant	£2,500	5.75%	Yly
				£25,000	6.00%	Yly
OFFSHORE ACCOUNTS (Gross)						
Woolwich Guernsey Ltd	International	0481 715735	Instant	£500	5.75%	Yly
Nationwide Overseas Ltd	O'seas 90 Day	0624 663494	90 Day	£20,000	6.60%	Yly
Yorkshire Guernsey Ltd	O'shore Key Ex	0481 710150	180 Day	£50,000	7.60%	Yly
Halifax BS	Fixed Rate	0534 59840	5 Year	£10,000	8.60%F	Yly
GUARANTEED INCOME BONDS (Net)						
Liberty Life		081 440 8210	1 Year	£2,000	5.20%F	Yly
AIG Life		081 680 7172	2 Year	£50,000	6.10%F	Yly
Premium Life		0444 458721	3 Year	£1,000	6.90%F	Yly
General Portfolio		0279 462839	4 Year	£50,000	7.30%F	Yly
Eurolife		071 454 0105	5 Year	£10,000	7.60%F	Yly
NATIONAL SAVINGS A/Cs & BONDS (Gross)						
	Investment A/C		1 Month	£20	5.25%G	Yly
	Income Bonds		3 Month	£2,000	6.50%H	Mly
	Capital Bonds H		5 Year	£100	7.25%F	OM
	First Option Bond		12 Month	£1,000	6.00%FI	Yly
	Pensioners GIB		5 Year	£500	7.00%F	Mly
NAT SAVINGS CERTIFICATES (Tax Free)						
	41st Issue		5 Year	£100	5.40%F	OM
	7th Index Linked		5 Year	£100	3.00%F +Infln	OM
	Childrens Bond F		5 Year	£25	7.35%F	OM

This table covers major banks and Building Societies only. All rates (except those under heading Guaranteed Income Bonds) are shown Gross. F = Fixed Rate (All other rates are variable) OM = Interest paid on maturity. N= Net Rate. P= By Post only. A = Feeder account also required. B= 7 day loss of interest on all withdrawals. G= 5.75 per cent on £500 and above; 6 per cent on £25,000 and above. H= 6.75 per cent on £25,000 and above. I= 6.40 per cent on £20,000 and above.Source: MONEYFACTS, The Monthly Guide to Investment and Mortgage Rates, Laundry Loke, North Walsham, Norfolk, NR28 0BD. Readers can obtain an introductory copy by phoning 0692 500685. Figures compiled on: 8 September 1994

FASHION

She is wearing a grey, soft tweed wrapover dress and jacket, £296, by Marella. They can be bought separately and teamed with things such as waistcoats, kilts or trousers to build up several different looks. Stockists nationwide, ring 071-287 3434.
He wears a single-breasted basket weave suit, £275 by Austin Reed at branches nationwide. White cotton shirt, £41 by Van Heusen at House of Fraser and Debenhams nationwide. Green silk tie, £45 by Paul Smith, 41 Floral Street, London WC2. Tel: 071-379 7133.

A good example of the simple-cut three-button single-breasted suit in a current version of a traditional style. Flat-fronted trouser with the more flattering narrow leg.
Suit, £185 by Jigsaw, 126 King's Road, London SW3 & Leadenhall Market, London EC4. Tel: 081-878 8446.
Silk weave tie, £43 by Jigsaw. Black shoes, £140 by Sweeney's at Plumline, 55 Neal Street, London WC2 and Harvey Nichols, Knightsbridge, London SW1.

Suit yourself carefully in your first job

A sober working environment is simply no place for making fashion statements, says ***Heath Brown***

You bave landed your first joh. Day one in the office looms. Your wardrobe seems to consist of little more than jeans and sweatshirts. What on earth do you do?

No matter how fashionable yoo may be in your private life the sad truth is that if you are starting work in a sober city or business environment it is not a tima for fashion statements.

Greys, blacks and blues *set the tone in business and con*servative suits rule the day. No, this is not some youthful homage to prime minister John Major hut the realities of the need for no- fuss, simple clothing on the first rung of the career ladder. Simplicity is the key and a crisp, efficieot appearance will compensate for fashioo fripperies and style statements.

"If you're serious about your first joh you do not wear clothes that will attract too much atteotion," says Stephen Ibrahim, men's tailoring expert at Simpsons of Piccadilly.

Flashy shows of individuality would create the wrong impression to those higher up as well as to your peers and perhaps promote resentment.

Few companies issue strict guldelines hut most expect an unwritten dress code to be followed. The more successful you become the more flamboyant and noticeahle your clothes are allowed to be. Bold chalk stripes and vivid pink shirts are not for the new boy on the hlock. Expensive Chanel earrings and flame-red suits are reserved for high-flying women who have made it already.

The golden rule is: do not dress ahove your station. Brassy shows of aspiration are considered vulgar (although the older hands are excused). Your work must seem to come first, not your image.

Even Lowri Turner, an outspoken television fashion critic, advocates the subdued look for that first, probationary year – "neither too severe oor too sexy", says she, who has progressed from a raincoat and pumps to her current dressed-for-success image in spiky Manolo Blahnik beels and Calvin Klein suit. "But there is no need to look boring," says Turner. "We all want to look good." And this can be done if the style is kept subdued.

One tip, if a restricted dress code operates, is to spend as mucb as you can afford on your first sober suit. Good cut and fabric really matter – they last longer and look better.

Susie Faux, who has built a name as the working woman's sartorial psychologist, and is the owner of Wardrobe, a fashion consultancy, feels strongly that the most important thing is to "love your suit" – not *only* will you be seeing a lot of it but this will give you tremendous confidence".

Although all this may seem a bit like reverting to school uniform, it is oot as grim as it sounds – and there is no need to look dowdy.

Just as chaps should avoid, at least to begin with, shirts with stripes, so women should beware of loudly-striped suits. At the next stage of your career, you could introduce stripes as well as bold, colourful ties and, for women, scarves and more expensive jewellery.

Grey outfits often look better than navy. Inexpensive navy clothes often tend to become shiny more quickly. Remember this suit should take you from your first interview to your first pay rise.

For men's suits, medium 13oz hard-wearing bopsack is best. Single-breasted, three-buttoned jackets can introduce an acceptable fashion element and flat-fronted trousers are flattering to a youthful frame. If you prefer donhle-hreasted jackets choose the traditional six-hutton/two-fastening combination, which is more classic than the continental-style single-fasteoing as this can hint at a wide-boy, 1980s-salesman, style.

Women's suits, although they should be dark, can be more adventurous with fahric, textures and weave. If you cannot afford a really good suit, try and spend as much as you can on a quality jacket and team it with a cheaper black skirt or some good chain-store trousers (Marks and Spencer usually has excellent ones). Skirts should not be too short and, in most city offices long ones are frowned upon. The best length for the momeot is a couple of inches above the knee.

A mid-sized heel is good for women's shoes which must have the minimum of detailiog. For the men, Lowri Turner thinks they should Invest in one pair of well-made shoes. "A good pair of Church's will see you through to proootion and beyond." Plain brogues or Oxfords seem to be the only choices – certainly oo loafers and, of course, they should, above all, he immaculately clean.

Once you have chosen your suit, think about your appearance. Clean-cut and groomed is how employers prefer it. Susie Faux thinks a good hair cut is where it all begins and advocates regular manicures for both men and women.

When it comes to make-up she thankfully excludes men hut believes women must use the right amount: "Not too much – hut tbey must use some."

Soon the days of the first and only suit will be behiod you as you head for the Versace ties and your skirt can be as sexy as you like. After all, when you are the boss, anything goes.

■ To find affordahle ranges of "first suits" for men and womeo it is worth looking at smaller department stores, such as Kendal Milne lo Manchester or Dickins & Jones in Loodon, and specialist shops, such as the Norton Barrie chain of shops In Northern England (mainly men) or, if you can persuade a pareot or godparent to fund it, Wardrobe in Brook Street, Loodon, W1.

For a slightly less attentive service, hut with suits that are good value, chain stores Next, M&S and Principles have intermittently excellent ranges while on the slightly more expensive side Jaeger, Austin Reed, Hackett and Daks Simpsons offer mid-range suits that are true investments in your career.

Other shops to check out are Jigsaw, Whistles and Selfridges and Dorothy Perkins which has invested heavily in upgrading the design content without pushing up the prices.

Photography *Richard Burns*
Stylist *Heath Brown*
Hair and make-up *Mary Balfe, at Carol Hayes Management*

Black six-button, three-fastening double-breasted suit that harks back to pre-war traditions.
The high revers are becoming more fashionable again and are already acceptable in business while the trousers are tapered in the style so much admired by former public school boys, who are renowned for having their straight-legged versions altered.

Jacket, £99.99; trousers, £49.99, both from Next branches nationwide.
Light blue/grey shirt, £24.95 from Oakland branches nationwide (081-450 3100).
Black and white tie, £18.95, Oakland.

FASHION

The long, hard road to a couturier's heart

It's tough if you are a textile artist, says ***Jane Mulvagh***

Textile artists are the unsung heroes of fashion – vital to the finished product, yet often unknown and unacknowledged.

One has only to remember Paul Poiret's orientalism, for instance, which owed much to Raoul Duffy's painterly depictions of the Levant on cloth, and Keith Haring's graffiti, lifted straight from a Bronx subway which lent street credibility to Vivienne Westwood's sportswear.

But for the would-be supplier of textiles to the Parisian fashion houses the road is long and hard.

The back door of most Parisian couture houses is fiercely guarded by a *manutentionaire* or storekeeper, typically a woman with a Napoleon complex who will fob off any hopeful talent with a sharp, "We have our suppliers." If you do not happen to be French the rebuff will be even more crushing.

In the 1960s, when the Azzarios, textile suppliers from Italy, approached the couture houses, they sensibly hid their origins behind the name "Nattier", taken from the French painter whose favourite blue was a mainstay in their collection.

They introduced their cardboard-stiff triple gabardine to Courrèges, enabling him to carve his board-flat, space-age tunics. Without this French pseudonym, Courrèges would probably never even have looked at their new fabric.

Zika Ascher, a Czechoslovakian Jew who mixed mohair with nylon to give it stability and create new textural possibilities, became so desperate that he introduced himself to the world of couture by pushing fabric samples through the open window of Christian Dior's car.

Sabina Fay Braxton, a 30-year-old Englishwoman, is the couture world's latest textile darling, but it took her three years to wheedle her way in. Her "vintage" effects on modern fabrics, be it medieval alto-basso (varyingly cut) velvets, early 18th century Venetian and Lyon "Bazaar" prints, or a pastiche of a Gericault equestrian scene, have been seized on by couturiers because of their passing resemblance to rich embroideries, at a third of the price.

Braxton grew up in the Middle and Far East. Her mother was a painter and her father a writer and collector of ethnic costumes. She studied film and costume design in Nice and, while helping to restore a medieval hunting lodge in the south of France and the Provençal house of a Renaissance and Baroque art collector, she created mock-period fabrics for both.

In 1990 she began supplying Christian Lacroix and, later, Emanuel Ungaro, Olivier Lapidus, Louis Feraud and Chanel in Paris, and Bill Blass in New York with her shimmeringly ornate renditions of historical fabrics.

Indeed, she almost single-handedly diverted Ungaro from splashy, bright, geometric prints to muted and layered chiffons and velvets which evoke the Levantine concubines in *Tales of Hoffman*.

Her signature is *gaufrage* or embossed velvets. The deep pile is stamped under heat with carved wooden blocks, invariably with silver or gold-leaf or bronze filings to accentuate the motif.

The result is embellished with paint to give it the appearance of a splinter-cracked fresco that has been scattered with moondust.

Christian Lacroix spotted Braxton's patinated velvets in Verseta, an interior design shop in Paris, and saw their potential at once. But Braxton had never intended to work in high fashion: "I never thought there would be any money in it, for some of my fabrics cost up to FFr4,000 (about £480) a metre and much more for a one-off piece which is more like a painting." However, it was too good a chance to miss.

Together with Lesage, the master embroiderer, Lacroix and Braxton collaborated to create the most successful jacket of his spring and summer 1991 couture collection: a Chinese-yellow velvet embossed with a silver-leaf motif made up of griffins and gazelles, Byzantine squares, ultra-modern cubist flowers and a Moorish tile pattern.

One would imagine that her path into *haute couture* was then assured but, in spite of congratulatory telephone calls from Lesage, the *manutentionoires* at Jean-Louis Scherrer were as obstinate as ever.

"They don't want to see anyone new ... they wield a weird sort of power and if you can't get passed them you're sunk." But Braxton persisted and was eventually granted an audience. Scherrer ordered immediately.

Many couturiers live rather like renaissance princes, isolated from daily trivialities. A couturier's brief is passed down the line, like a Chinese whisper, from maestro to studio director to supplier, so it is not surprising that the end result is either vague, or distorted.

At Ungaro, Braxton's brief was that the couturier was interested in "patterns like a Persian miniature with striped borders". That was it. No colour, motif, size or fabric instructions. And all to be delivered in 24 hours. "Fortunately, I was very familiar with these miniatures from my childhood, so I went ahead," she recounts.

The studio is based in a quiet side street of the 14th *arrondissement* where, surrounded by paint pots, carved blocks and art books, Braxton conjures new processes. Her latest inventions are photo-printed suedes and fake furs embossed with tracery. Some of her specialist pieces can take as many as 120 hours a metre to create.

What is maddening is that couture studios may prevaricate for weeks, holding on to a precious sample and then at the last minute rejecting it or, worse, ordering several metres for a couture show in a few days' time. To survive as a handmaid to French couture it pays to be unflappable and to require just snatches of sleep.

Her insight into couture has led her to question its time-consuming methods: often the same effect could also be achieved by printing or using a machine, but the kudos of "hand-made" means they often insist on unnecessary and expensive handwork.

Braxton has used her partnership with couture as a means of promoting her own range of accessory clothing to be launched in September. It will be sold in department stores and boutiques in London and New York.

It includes scarves, stoles, waistcoats, body suits and loose tunics and pants for women, and waistcoats, ties, scarves and handkerchiefs for men. She will also offer a small range of embossed leather accessories. Prices start at £20.

They will be on sale in Harrods of Knightsbridge, London SW1 in time for Christmas and in the US at Barneys, Bergdoff Goodman, Neiman Marcus and I. Magnin.

■ *Sabina Fay Braxton, 5 rue Daguerre, Paris 75014. Tel: 46 57 11 62.*

Rust embossed velvet shawl with fake fur border.
Black stretch chiffon body with gaufrage velvet cross for Christian Lacroix couture.
Necklace by Ungaro.

Christian Lacroix's black velvet jacket embossed by Braxton.
Earrings from Musée Cluny, Paris.

Photographs .... *John Swannell*
Stylist .... *Jane Mulvagh*
Hair and make-up .... *John Gustafson*

Ungaro's waistcoat, part of a couture wedding ensemble, made from metal and silk organza jacquard, decorated with block-printed birds of paradise.
Sabina Fay Baxton's printed chiffon scarf worn as a sarong.
Necklace by Ungaro.
Earrings from Virginia Antiques, 96 Portland Road, London W11.

Starck naked and simply stylish

A bidet based on the design of a bucket, and a bath costing more than £4,300 are part of a new collection admired by ***Lucia van der Post***

There seems no end to the inventiveness of Philippa Starck. He is, for those whose minds have been on higher things these last many years, the famously shabby and cuddly Frenchman who speaks English with a Peter Sellers French accent and who made a lavatory (the one with mirrors in the Café Costes in the Place des Innocents) one of the most visited sites in Paris.

He is, just in case that has not made it clear, a designer. Or rather he is what most of us would call a designer but he, in his playful, provocative way denies it hotly. He is, he insists, a political activist, a radical changer of the way people live.

Be that as it may, the man who gave us the ultimate lavatory brush, the most expensive lemon squeezer in the world, the most eccentric kettle and the most uncomfortable chairs in Paris is in designing mode again and this time he has turned his attention to bathrooms.

As you can see from the photographs, he has managed, as with almost everything he touches, to give the standard components that we all know and use, baths, basins, lavatories and bidets, a fresh look. It is a look that, alas, comes with a hefty price tag – but being at the cutting edge of design never did come cheap.

Commissioned by Duravit, a German manufacturing company, to produce his own vision of contemporary bathware, Philippe Starck went back to basics. How, he asked himself, did early man wash and keep himself clean? He would scoop water from streams and lakes by cupping his hands.

Later, as he provided himself with a few comforts and artefacts, he built round washing bowls (all those heavily decorated Victorian bowls were almost all perfectly round) based on the simple round shape of cupped hands.

Water in primitive communities was (and sometimes still is) collected by hand-pump and he has used this shape as the inspiration for the wash-basin mixer.

The lavatory and bidet are based on old buckets. The bath, a simple free-standing oval, is modelled from the old-fashioned tub, rather like the ones we see in old Westerns or nostalgic photographic essays of vanished working-class life.

But do not be fooled by this artless vision – the inspiration may go back to early Arcadian days but the technology, of course, is white-hot new. The lavatory, for instance, in true eco-chic style, flushes properly with only six litres of water – most, it seems, need nine and even the newer more conservation-conscious models need 7½.

The manufacturers are excited by the tap on the basin. This is based on the lever action of the hand-pump which means flow and temperature can be operated with one-hand but it required the development of a new small mechanism to make it work efficiently.

The bath, too, sitting serenely in the middle of the room, required some new technology to enable the taps to fit neatly on to its rim. For those who like their baths to do fancy things it is possible to have Venturi massage jets, an air injection system or a combination of the two.

The bath itself is made from reinforced acrylic, the rest of the equipment from ceramic, but where wood is used (as in the basin with cupboards below) it has a pearwood veneer and a black melamine interior.

What appeals to me is the simplicity of the aesthetic – it is cool, clean, tranquil, with nothing pushy or aggressive to disturb the eye. When properly installed not a vestige of plumbing is to be seen.

Yet it is clearly practical – for instance, around the oval bath runs a polished chrome rail so that a towel or even clothes are always at hand.

For those whose notions of a proper bath include the possibility of drinking the odd glass of champagne, there is a broad ledge.

If you like to buy a bathroom as a package, there is a range of accessories – everything from simple hooks and a sleek toothbrush holder, to towel rails, lavatory paper holders and a mirror.

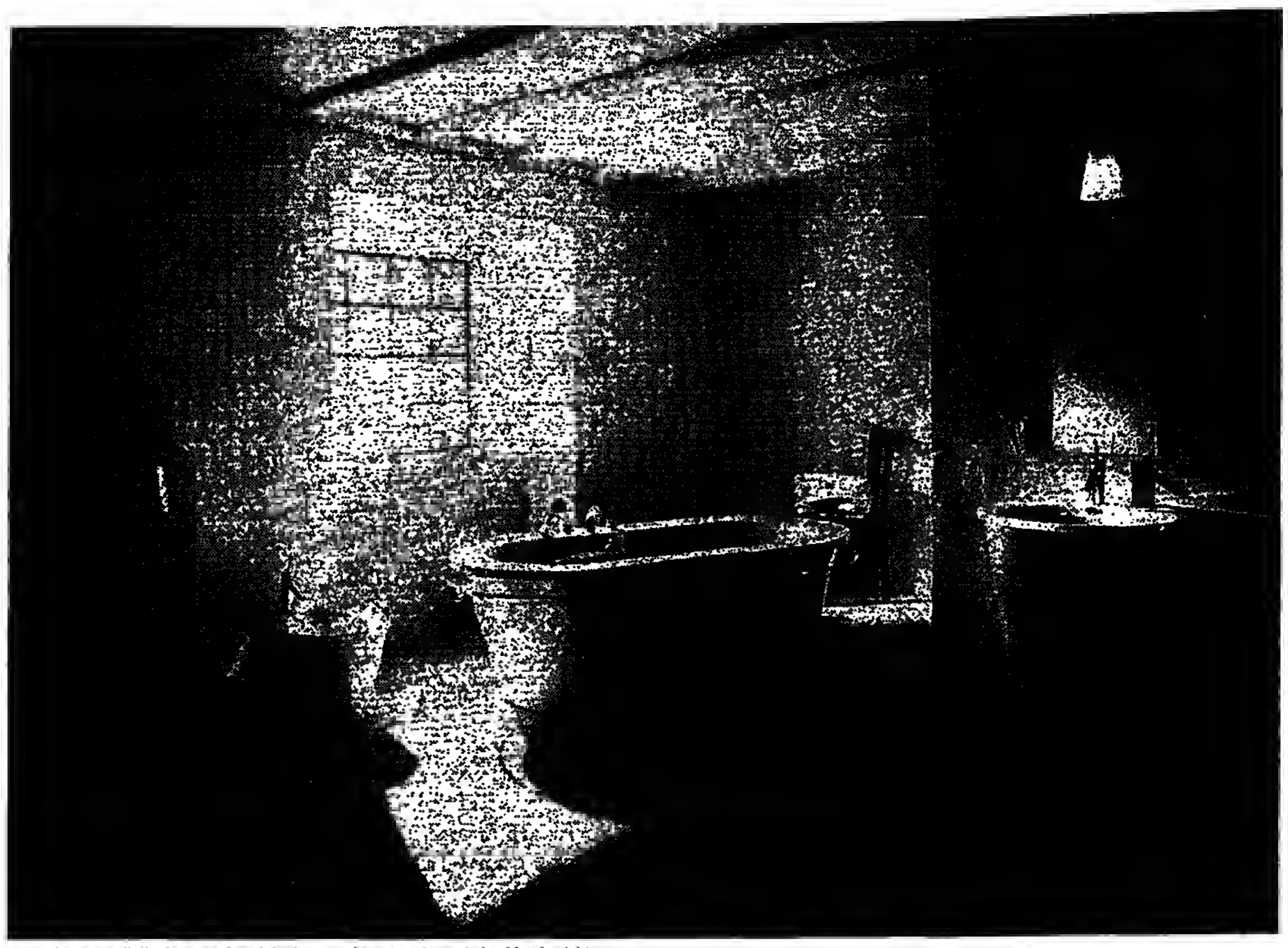
The collection, as I have already intimated, is not cheap. The bath, being the most innovative technically and, of course, the largest piece of equipment, is the most expensive at £4,361.60.

The floor-standing (there are also wall-mounted versions) bidet and lavatory together are £1,024. The wash-basin is £529.93 and there is a shower tray at £1,314.82.

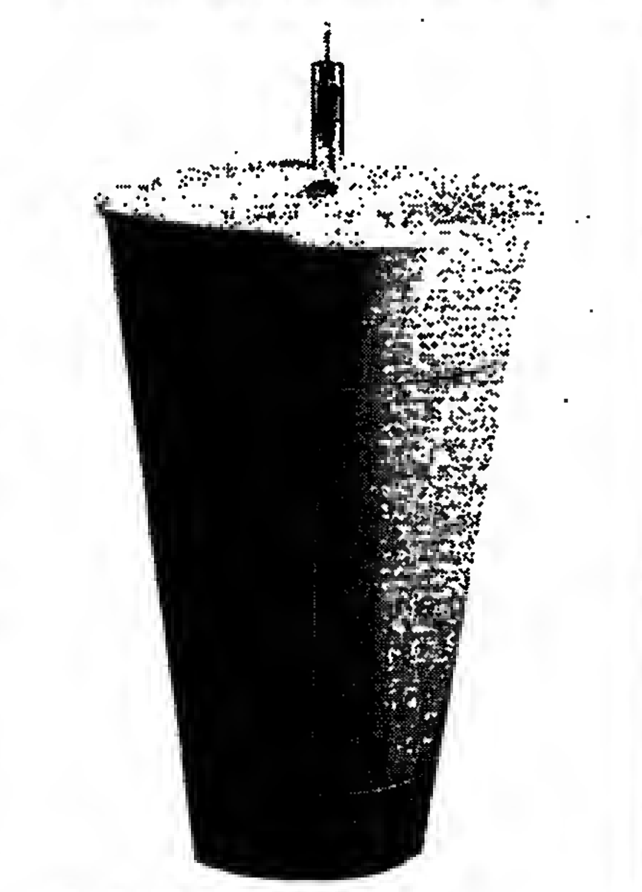
The complete range can be seen at C.P. Hart, Newnham Terrace, Hercules Road, London SE1 7DR. The range is new and is available to order only – currently the waiting time is 12 weeks but C.P. Hart hopes to get this down to more like six weeks shortly.

Later in the year it will also be available from other bathroom suppliers.

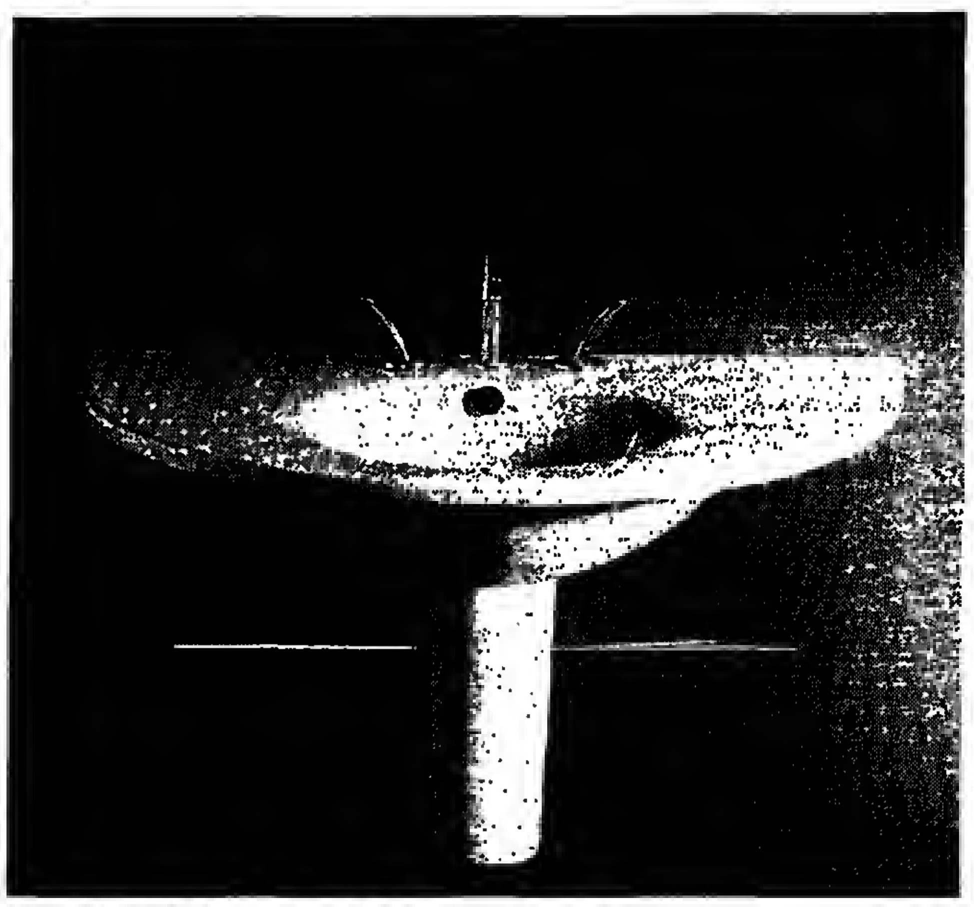
■ *Tel: 071-902 1000 for details.*



Cool, airy, tranquil, the Philippe Starck bathroom with not a piece of plumbing in sight



The basin with a pearwood veneered cupboard below



The wash-basin: the shape of cupped hands provided its inspiration

Small company, big following

Cobra & Bellamy has always been one of those small London shops that had a reputation and an influence out of all proportion to its size.

Its two partners and owners, Veronica Manussis and Tania Hunter, have had a way of sensing the mood of a moment almost before it arrived and offering a growing band of aficionados the jewellery they did not know they wanted until they saw it.

On Monday there is a big milestone in the development of the company – it opens a large and lavish new branch in the newly glamorised Dickins & Jones store in London's Regent Street and it launches its first ever mail order brochure.

For those unfamiliar with Cobra & Bellamy, it started by selling period costume jewellery, then moved on to popularising Art Deco pieces.

Today it still sells Art Deco inspired pieces but it is better known for an interesting partnership with the Italian jewellery designer Barbara Bertagnolli, who designs intricately interesting pieces for them in 24-carat gold with richly coloured gemstones.

Their glass-based strings of pearls, using original 1920s and 1930s clasps, are always a huge success with those who cannot afford the real thing.

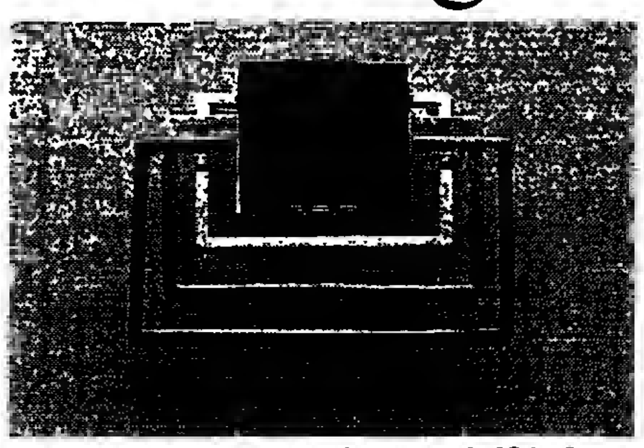
Now, with the new shop to supply and mail order customers to keep happy, Manussis and Hunter have introduced a special Cobra & Bellamy line of thair own, mostly very well-priced, very strong and simple pieces in either hallmarked silver or 22-carat gold-plated silver. Amber is a big new development, too.

For chaps there are some elegant cufflinks and retro watches sell between a very reasonably-priced £26 and £37 (but hurry, each Friday's consignment sells out before the following Friday).

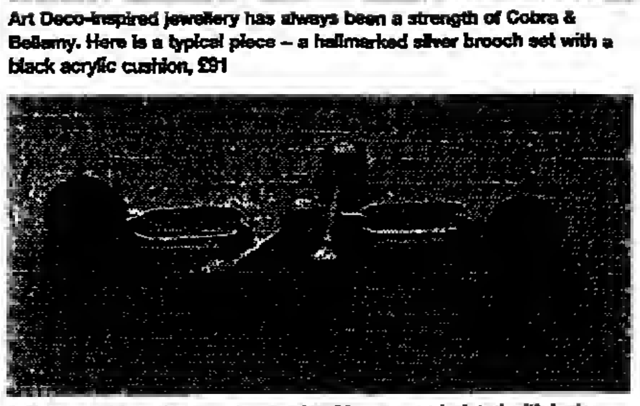
■ *For a mail-order brochure ring 071-730 9993. It costs £5 which is refundable on the first £50 order.*

Otherwise visit the shops either in Dickins & Jones or the original branch at 149 Sloane Street, London, SW1X 9BZ.

Lucia van der Post

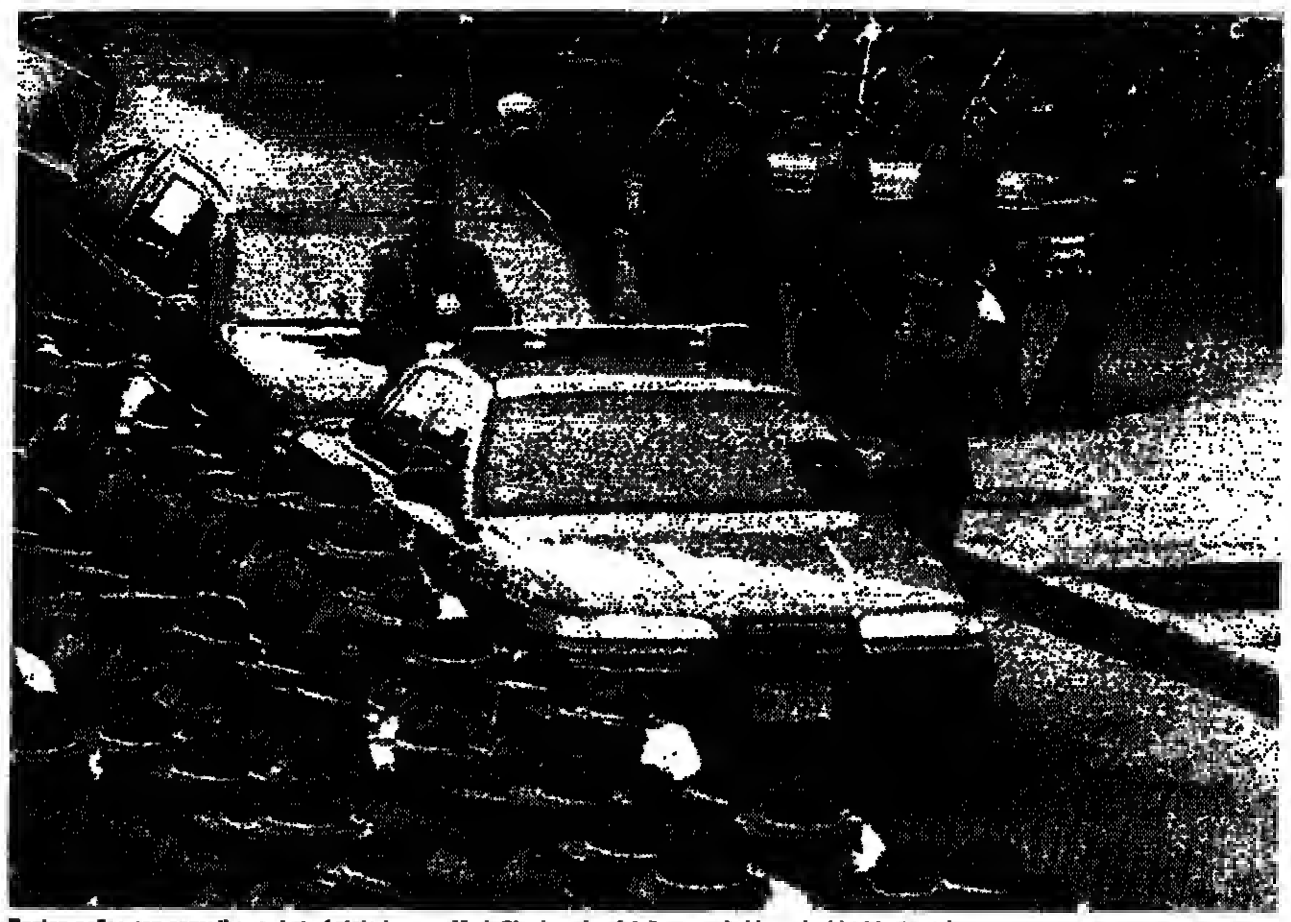


Art Deco-inspired jewellery has always been a strength of Cobra & Bellamy. Here is a typical piece – a hallmarked silver brooch set with a black acrylic cushion, £91



Hallmarked silver dumb-bell cufflinks, 22-carat gold-plated with lapis lazuli beads, £84

*The IRA's declaration of a ceasefire and the prospects of peace are important to many Americans. **Nicholas Woodsworth** visited an Irish society in Boston to see how the news was received.*



Boston policemen carry the casket of state trooper Mark Charbonnier, fatally wounded in an incident last week AP

Message of hope and fellowship

Walk into the headquarters of the Emerald Society in a suburb of Boston, Massachusetts, and yon will start to understand why the US president, Bill Clinton is so exercised about Ireland. This is a hall, soaked in Liffey-side nostalgia, with shamrocks and bright Kelly green curtains. It is the meeting place for one of the 4,000 Irish-American organisations. The number of US citizens claiming Irish descent has been growing rapidly and is now thought to have reached 44m.

The sense of fellowship with their compatriots across the water has been a great source of strength for the republican cause in Northern Ireland – and a source of cash to arm the IRA terrorists. So the IRA's declaration of a ceasefire and the prospects of peace are a matter of some importance to a very large body of Americans.

In Boston's Emerald Society hall they are men of substance: large of girth, loud of voice and confident of manner – the patrolmen, deputies, sheriffs and constables of the Boston city police force.

They meet under an Irish flag at the front of the hall. A mural of the Irish Dail decorates one wall, the blazons of Ulster, Leinster, Munster and Connacht the other.

But when at the society's meeting this week Constable Tom Brown made his way round the hall with copies of the US-published Irish Echo, the glow was dimmed. It was not that anyone present was unhappy with news of the IRA ceasefire but, if violence has come to a halt across the water, it has not stopped in Boston. Some officers were still in the ceremonial kilts, spats and argyll socks of the Boston Police's Gaelic Column, after the the funeral of a slain Boston policeman, the third to be killed in as many weeks.

"We are absolutely sick of violence," said Brown. "We have seen too much of it ourselves. It doesn't matter where policemen and innocent civilians are being killed. It must be stopped in Ireland, and at any cost."

Had Brown's views on the IRA been sounded out a decade ago his response, he admits, would have been very different. For many years he has been a member of Noraid, the Irish-American organisation responsible for much of the funding of IRA activities. Still a Noraid member, he acknowledges that Irish-American support for IRA violence has dwindled sharply, both emotionally and financially, in the last two or three years.

Noraid, Brown says, now supports the ceasefire and will work for a negotiated settlement. If the price of peace is tha Irish Republic's relinquishment of its territorial claim to Ulster, thet, as far as Brown is concerned, is acceptable. "Compromise is what it is all about," he affirms. "Both sides are going to have to bend."

The vast majority of policemen in the Emerald Society feel as Brown does – they have as much fear as any Americans of growing levels of violence, and no illusions as to its romance or benefits.

"I admit it, I was a Republican punk," smiles policeman Dan Ring. "I used to be a member of the Charlestown (a Boston suburb) Liberation Army. The CLA would go around spray-painting 'Kill the Brits' and persuading, more or less politely, local residents to contribute to the cause. That's all over – I grew up and became a cop. In 1992 I was on holiday in London when the IRA Christmas bombing campaign began. I was worried for the bobbies, for chrissake. Me, Irish Dan Ring! But a cop'a a cop whoever and wherever he is. I still believe in uniting Ireland, but not by the gun."

If Irish-Americans have any hesitancy about the ceasefire, it is not generally based on any clear appreciation of the complexities of contemporary Irish economics or politics. They are instead felt at gut level, and are old ingrained views inherited over generations from forbears forced to emigrate from Ireland a century ago. Most reservations are expressed, now as they were then, in terms of mistrust of British intentions; as Americans the policemen of the Emerald Society freely admit that they wholly fail to understand religious division within the same ethnic community.

But, as Americans, they are quick to come up with a simple solution that is neither political nor religious – most Emerald Society policemen believe, perhaps rightly, that a quick, large fix of money would do wonders for the old country.

"Ireland needs money, but it shouldn't come from the US tax-payer's pocket," said "Dapper" O'Neil, the conservative Tammany Hall-style Boston city councillor who, as the city's chairman of the committee on public safety, had come to address the Emerald Society after the funeral. "We've got too many problems here and too many social programmes that are ruining the country."

Affirmative Action, the social programme thet gives a head-start to disadvantaged minorities in the US, is not the way to go in Northern Ireland, Emerald Society members believe. They have seen it create too much bitterness against blacks in their own community. Nor is any other social aid programme likely to succeed. Instead, it is good old-fashioned private enterprise and investment that they believe offers Ulster its greatest chance.

"Look at the thousands of Americans who visit the Republic every year", notes policeman Jack Sheridan. "Bill Clinton can't change Ireland. What will change Ireland is if there is a peace long enough to bring tourism, investment, jobs and prosperity."

Miles away, in downtown Boston, Irish-American businessmen seem to agree. At the Irish-American Partnership, a non-sectarian organisation claiming 7,500 US members and promoting employmeot and economic growth on both sides of the Irish horder, Joseph Leary speaks enthusiastically of the 375 US company subsidiaries based in the Irish Republic; less than 40, on the other hand, are to be found in Ulster. That imbalance would change radically, he feels, if a stable political environment developed in the future.

Will it? Most Irish Americans, given the enchantment lent by distance, believe some sort of point-of-no-return has been crossed. But the biggest problem, in former Charlestown Liberation Army policeman Dan Ring's view, is not international negotiation, US funding or British recalcitrance or any other external factor. "It's the Irish themselves. I should know. We hate to give way. We are the stubbornest bastards in the world."

The Nature of Things/**Andrew Derrington**

The windmills of your mind

What is it about drugs that allow them to alter the workiogs of the mind, manipnlatiog moods and perceptions, liftiog depressioo, eveo enhancing memory?

According to oeurosclentists, these mental phenomena result from the electrical activity in the circuits of the neural computer between our ears. How theo, do drugs cause selective changes in the activity in these circuits? What gives the neural compoter its chemical dimensioo?

These questions have beeo thrown ioto sharp relief by the reported deaths of night club revellers, thooght to be caused by the drug Ecstasy. And although oeoroscientists can answer them, and can even explain why Ecstasy has such dangerous side-effects, it is still impossible to predict either the efficacy or the side-effects of oew drugs.

The chemical dimensioo of neural activity starts from the fact that the electrical currents in neurones (nerve cells) are carried not by electrons, as io a computer, but by ions (electrically charged particles produced when salts dissolve in water).

Ions carry electric curreot mnch less efficiently than electrons because they are bigger and heavier, but they have the advantage that iooic currents can be switched on and off by chemical switches.

The brain compensates for the inefficiency of ions as current carriers by using the same techniqoe as modern communication engineers, digital transmissioo. Informatioo is coded and transmitted by oeurones in the form of a stream of identical pulses, called actiou potentials.

Actioo potentials are electrical pulses controlled by chemical switches. The chemical switches are operated by changes in voltage (voltage-gated). The actioo potential travels down a neurone by operating the voltage-gated switches just ahead of it, and "switching on" an action potential there, which then repeats the process. This is exactly the way that relays enable man-made cables to transmit long distances without losing signal strength.

Drugs that impair the actions of the switches can suppress the transmission of information. This is how some nerva poisons, snch as tetrodotoxin which is secreted by the Japanese puffer fish, and anaesthetics work.

Any drug that acts on the voltage-gated switches that control the action potential will affect the whole brain. To affect our moods a drug must modulate the activity of different brain circuits selectively. It must act on a process thet works differently in brain circuits cootrolling different functions.

The synapse, which is the device that transmits information between neurones, is a promising target for selective drug action. When an action potential arrives at a synapse, it releases a minute quantity of a chemical called a neurotransmitter. The neurotransmitter acts on the next cell in the chaio by reacting with a special molecule, a receptor, to operate a chemical switch and turn an ionic curreot oo or off.

There are many different neurotransmitters, and each may act on several differeot types of receptor. Differeot hraio circuits differ in the transmitters they use. The same transmitter may also differ from circuit to circuit. This gives drug designers an opportunity to devise chemicals that will have very specific effects oo the hraio.

Chemicals that influence the ioteractioos of neurotransmitters with their receptors, for exampte hy altering the amount of transmitter released or the duration of its interaction with the receptor, have the potential to alter the operation of specific hrain circuits. This is the way drugs alter the workings of the miod.

Drugs can also affect the function of other hrain circuits, and of cells throughoot the whole body, causing side-effects.

Unfortunately there is moch, oot ooly

Ecstasy, popular as a dance drug, is the classic case of a drug with a wide range of effects.

aboot transmitters, receptors and braio circuitry, but also ahout geoeral physiology that is oot understood. It is impossible to predict the effect of oew drugs either on the body or oo the hrain. Potential drugs still have to be identified hy trial and error, and rigorously tested for safety.

Ecstasy is the classic case of a drug with a wide range of effects. It acts hy soddeoly increaslog the release of the neurotransmitter Serotonin, which is used by neurones in circuits cootrolling mood, particularly reactions to unpleasant stimuli. Serotonin is also associated with the brain circuits thet control body temperature, and those thet select which of the millions of sensory signals available at any one time we attend to.

Ecstasy's popularity as a dance drug stems partly from its effect on mood, but also from the fact that serotonin shnts ont unpleasant sensory signals caused hy thirst and high hody temperature. It enables people to dance until they collapse from heatstroke.

Tragically, this effect of serotonin is compounded by the way it acts outside the brain. It causes massive and widespread hlood-clotting, which could he fatal even in people not suffering from heatstroke.

Thus Ecstasy (3,4 methyleoedioxymethamphetamine), which was originally patented for use as an appetite suppressant, is an object-lesson in the difficulties that face the pharmaceutical industry in their search for new drugs.

Will they bid for peace?

Continued from Page I

Crossgar on August 8.

Another friend of the murdered man said he belonged to no party but was "disgusted" by the way the British prime minister had treated Paisley. The rival Ulster Unionists under James Molyneaux were betraying the people, he added, and Sir Patrick Mayhew talked down to them. Then he confessed: "Our worst enemies now are the loyalist paramilitaries."

The map says Ireland should be one nation. But Protestants behind the north-eastern partition feel different, part of another culture, another history, another tribe. The evidence of their descent is everywhere: in the Scottish names of families, villages and streets, in the Presbyterian churches, in the notices clamped to street lamps which read "Alcohol-free area". The people of north Antrim are physically closer to Glasgow than to Dublin.

Gerald Douglas, an eighth-generation Scot, is a Toyota dealer under the Mountains of Mourne in tha south of Co Down where Catholics predominate. In spite of the ceasefire, he keeps a gun beside his bed: his garage was hlown up 20 years ago and he has received death threats. Though he regards Paisley as a destructive force and a retrogressive influence, he thinks Major this week put himself in the wrong.

Douglas is a former police reservist, an Ulster Unionist councillor and a Presbyterian who goes to church evary week. He is also a deputy county Master of the Orange Order, and was flying to New Zealand this week as a delegate to the Orangemen's world council. His is the profile of the hard-line "prod". Yet Douglas comes over as a humorous and tolerant man who lives peaceably with his Catholic neighbours.

"My grandfather told me 'you can't trust Englishmen'," he said. "This suspicion goes back to the days of Home Rule." Why, then, cling to London rule? "Better the devil you know, I suppose."

Protestants were afraid that union with the Irish Republic would hring religious oppression, he said. They still regarded the Repnhlic as a priest-ridden state and Irish Catholicism as a "more superstitious, idolatrous faith". Douglas himself went to a mixed-faith school. His observation was that the Catholic children apent more time learning religion and the Irish language while the Protestant kids got on with their maths and English. Ulster Protestants were thrifty, industrious and more likely to succeed.

Religion is a cultural identifier in northern Ireland, not the cause of the conflict. Catholics and Protestants are not killing each other over tha theological doctrine of transubstantiation. It is all about sovereign allegiances. As if to prova the point, opinion polls suggest a majority of Catholics – certainly the expanding middle-class – would vote to stay in the Union if a referendum were held tomorrow.

It is this fundamental question of sovereignty which makes Ulster politics so polarised. The centre Alliance party

'We would rather be detached than semi-detached with Dublin'

– Sir Edward Archdale, a 'loose cannon' in the unionist ship

is small and weak. In the face of what they call the "pan-nationalist froot", unionists remain badly divided.

If the unionist leadership cannot hreak with the past, new voices and new blood will be needed to turn a ceasefire – still not reciprocated hy the Loyalist terrorists – into a genuine peace.

'My grandfather told me you can't trust Englishmen'

– Gerald Douglas, who keeps a gun beside his bed

This week the Belfast Telegraph published a letter from "a group of business and professiooal people from the Unionist tradition". It called for "a pluralist society at ease with itself" and went on: "We must convince our fellow countrymen and women that there is a place for all of us in this new society. We 'protestants' must also be the 'persuade-ants'."

Where were these well-wishers when they were needed in the past? Roy Bradford, a minister in the last northern Ireland executive and now mayor of well-heeled Bangor, was scathing. "It is the *trahison des clercs*," he sniffed. "The letter was unsigned. They hadn't the courage to put their names to it because they were afraid it would be bad for business. These businessmen are doing all right, and they don't want to get their hands dirty.

"For a professional to be publicly associated with the unionist position is not good for him. He does not want to seem a higoted anti-Catholic. In the past, of course, a lot were afraid of being shot."

The mayor and his chief executiva, Adrian McDowell, sat puffing cigars over a map of the town's yacht marina. This is one of the most prosperous parts of the province, a dormitory town for Belfast with below-average unemployment and ahove-average income. The plate-glass villas, with their hydrangeas and pampas grass, gravel sweeps and baying guard-dogs along the Gold Coast southern shore of Belfast Lough are enough to make the stockbrokers of Surrey weep with envy. Here, it is said, you will find the highest concentration of BMW owners in the UK. Even without the help of the Province's net subsidy from Westminster of £3bn a year, this would be a bourgeois paradise.

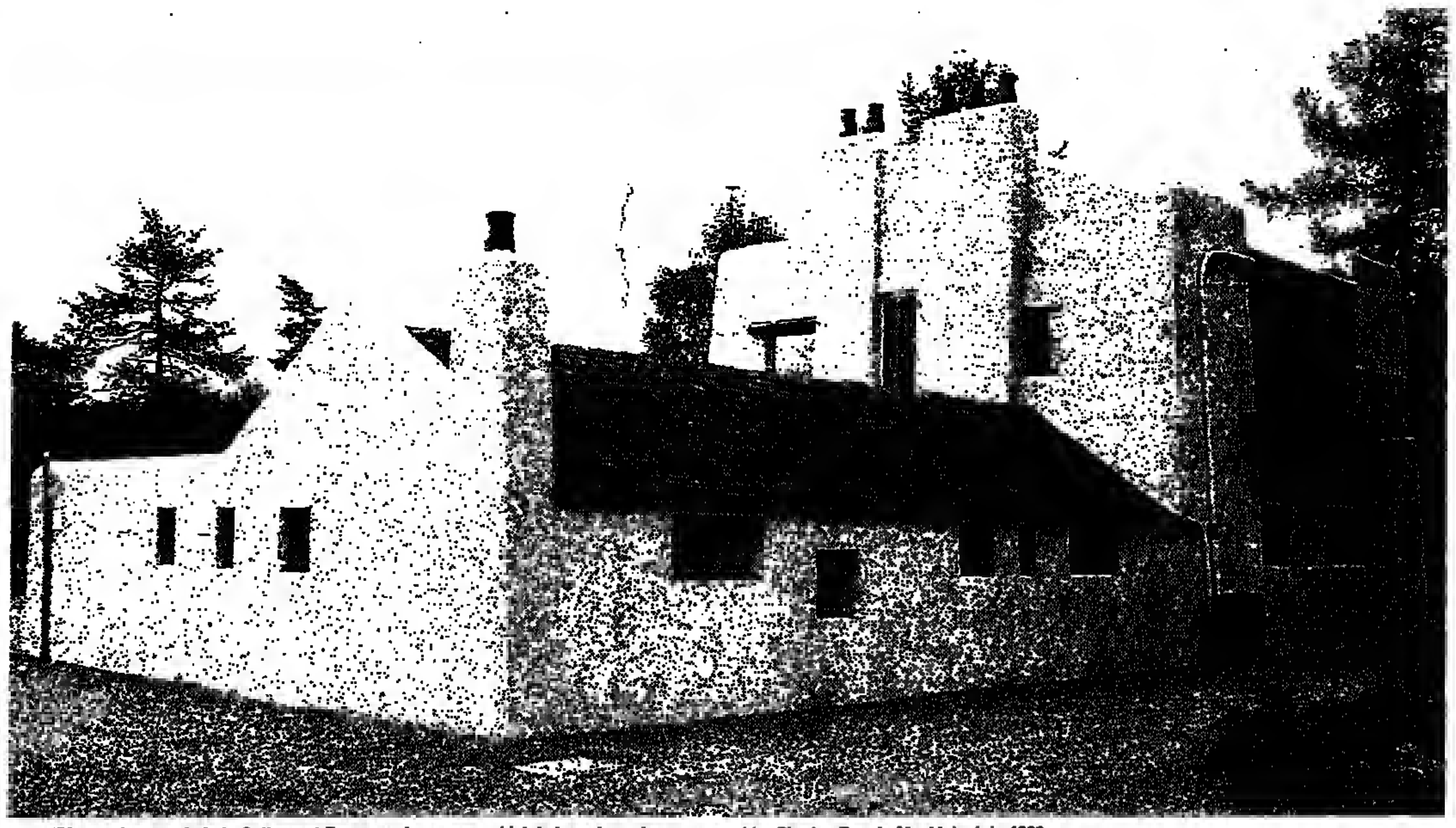
Unionist politicians admit the middle class has opted out. In one sense it is not surprising: under direct rule from Westminster the powers of local anthorities in Ulster are derisory. "Burials and refuse collection – and thet'a about it," said Sir Edward Archdale, a former borough councillor.

After a distinguished career in the British Navy, Sir Edward, who describes himself as "a loose cannon" in the unionist ship, retirad to his homeland to study politics. He is a baronet who lives in a bungalow. In religion, he is a die-hard traditionalist, in social affairs an anti-capitalist radical. His long absence allowed him to escape the atmosphere of intransigence among those whose lives have been shaped by the conflict. For Sir Edward the political answer for Ulster is aelf-government under the Crown, a similar status to that of the Isle of Man.

"We would rather be detached on our own than semi-detached with Dublin," he said. Sir Edward would like to reconstitute his party as a secular Ulster National Party to appeal to unionists of all denominations.

The plans of such potential peacemakers among the besieged majority were looking sadly premature this week. The IRA may have laid down its weapons hut the unionists – mentally at least – are re-arming. A father of four sons asked to remain anonymous for fear of reprisals – all his boys are in the police. "I once hoped they would be my coffin-bearers," he said as he prondly showed a photograph. "But all these years I have been afraid I would find myself carrying theirs." That is what peace in Ulster means: a man whose last wish can be granted.

PROPERTY / PERSPECTIVES



For £250,000-plus: the Artist's Cottage at Farr, near Inverness, which is based on plans prepared by Charles Rennie Mackintosh in 1900

Cadogan's Place

Mackintosh lives again

An extraordinary house is for sale near Inverness. The Artist's Cottage at Farr was built in 1992 from plans and elevations prepared by Charles Rennie Mackintosh in 1900 for an artist's cottage and studio that never went ahead.

Architect Robert Hamilton Macintyre, of Kepple, Henderson & Partners, adapted the Mackintosh plans (kept in the Hunterian Gallery in Glasgow) to modern technology. The result is a stunning, white-rendered piece of the Mediterranean – almost mud-brick architecture in its rounded parapets – set in the heart of Scotland. But I am not sure Mackintosh would have approved of so much fitted carpeting or of five showers and only one bath.

The leaded glass windows use Mackintosh designs, and the wing which he intended for servants will now take children or visitors. Bidwells in Perth (0738-630666) seeks offers over £250,000.

□□□

Average rents have risen 67 per cent between 1991 and 1994, according to a new survey by Strutt & Parker, while inflation between May 1991 and May 1994 was only 8.38 per cent.

This is certainly a very large increase but Ann Sugden of the Newbury office, who compiled the survey, points out it is based on S&P properties outside London – mostly houses of farmhouse/old rectory size, cottages on estates or farms, or executive homes.

The prime reason for the increase is assured shorthold tenancies (ASTs), which form 94 per cent of these lettings. Although ASTs began in 1989, it took time for owners to understand that they really could regain possession when the terms ended. So, rents in 1991 were lower than they might have been, reflecting the uncertainty of the landlords as well as the recession.

The survey shows that rents now are highest for detached houses in East Anglia (averaging £700 a month) and the west country (£768), and for semi-detached houses and flats in the south-east (£432 and £450).

Rents for pre-1700 properties are almost twice as high as for post-1950. Detached houses rose the most (72 per cent) since 1991 and flats the least (22 per cent).

□□□

At Warham, on the Holkham estate in Norfolk, Savills in Norwich (0603-612211) is offering two solid, late-Georgian box houses on five-year ASTs for £12,000 a year: the old rectory and Chalk Hill farmhouse.

In Staffordshire, the West Midlands office (0902-851347) has Somerford Grange for £150 week. This is a farmhouse given a castellated Georgian-Gothic façade around 1770 to improve the view across the park of Somerford Hall.

Nettleden House, built in 1856 on the Ashridge estate in Hertfordshire, is available furnished for £3,950 a month from Hamptons (071-493 8222). The house has 11 acres; stables and tennis court – and the gardener's wages are included. Pay more to use the owner's Rolls-Royce or his cellar (charged by the bottle).

Slightly cheaper, at around £3,500 furnished, is Tilbury Hall at Tilbury-juxta-Clare in east Suffolk. This is a Tudor house owned by Edward de Vere, an earl of Oxford and favourite of Queen Elizabeth. It, too, comes with a gardener and 80 acres (from Bidwells in Cambridge: 0223-841841).

□□□

Edwin Lutyens designed the red-brick Beacon House at Knebworth, Hertfordshire. Bryan Bishop in Welwyn (0438-718877) is asking £475,000 (down from £497,000).

A Norman Shaw house is for sale at Groombridge, Kent, where he designed several properties. Set in three acres near Tunbridge Wells, Hillside respects the Wealden tradition of building with half-timbered gables and tile-hung upper walls. Savills in Sevenoaks (0732-455551) seeks £750,000 for it.

Gerald Cadogan

As They Say in Europe

The Swiss corner of Chinatown

James Morgan foresees a cultural melting pot

At the north-west corner of Leicester Square in London stands the Swiss Centre. It was originally planned as a cultural site to be called "Forum of Switzerland". That failed to take off because, characteristically, no Swiss was prepared to offer a guarantee to cover any deficits.

Today, it houses a Swiss watch shop and the Swiss National Tourist Office ("the oldest such foreign travel office in the world"). Outside stands a 10m pole emblazoned with the arms of the 26 cantons.

To coincide with the Swiss millennium in 1991, Westminster city council renamed the bit of street next to it Swiss Court. There is not a single facet of Swiss culture that goes unrepresented on the façade or in the environs: flags, cuckoo clocks, Swatches, coats of arms.

Since it was established in 1965, the centre has been, what it was once for me, a leading trysting spot. It symbolises romantic hopes, shattered dreams and broken hearts. It is unfortunate, therefore, that it should now be at the heart of three complex problems – commercial, racial and political.

"Uncertain fate of the Swiss centre in London," ran the headline in the *Neue Zurcher Zeitung*, followed by "Tempting offers and contractual hurdles". It emerged that the centre was transferred in 1986, in an in-house deal, to a holding company, the Swiss Centre Ltd, for a mere £3.2m. Its shareholders are the Swiss Bank Corporation (SBC) with 51 per cent, and two largely state-owned enterprises, Swissair and the Swiss Travel Office, dividing up the rest.

But, "the structural circumstances of the building make reconstruction necessary". That will cost an estimated £45m. Now, last year the Swiss Centre was valued at £14m but today, says the paper with heavy use of italics, £30m has been offered for the present structure. The SBC is, says the *NZZ*, anxious to sell but its minority partners have the right to first refusal. The Travel Office in particular, as a government agency, "does not wish this successful shop window to give way surreptitiously to an 'exotic funfair'."

This needs some explanation: the Bank Corporation says it is going ahead with the sale but the *NZZ* says there is a catch in the articles of agreement. It alleges there is a clause saying that any buyer has to guarantee the Swiss character of the building.

Alpenhorns would add to the Chinese New Year celebrations

Now it will not take any observer of the London scene long to realise there might be a problem if that is so. The offers made up to now are hardly reassuring: the Swiss Centre stands at the edge of Chinatown. "Chinese investors are apparently ready to pay practically *any price* for this building." But they are not prepared to accept any "Swiss" condition.

It is evident that this problem cannot be resolved by some superficial, papering-over-the-cracks solution such as turning the Mövenpick restaurant into a Swiss-style chow mein centre. It is also evident that it is too late to offer Hong Kong as the 27th canton. But it does seem that both sides are unnecessarily overwhelmed by an assumption that there is some kind of incompatibility between them. This should not be so.

In Chinese, "Switzerland" is made up of characters pronounced "Rui Shi," which are considered auspicious by the Chinese. Then again, some Germans refer to the form of their language spoken in most of the Swiss cantons as "Cantonese".

The two peoples share many characteristics: both seem able to accept iron rules in order to avoid anything resembling anarchy, or even excessive personal freedom. Both put a firm emphasis on family values while allowing considerable latitude to those who fail to stick closely to the more demanding of their marriage vows. And one of the sub-headings in the *NZZ* in covering this story was, "What's a promise worth?" Just the kind of question a Chinese businessman might ask. A pragmatic approach to resolving such riddles is a shared quality so some kind of deal should be possible.

But the *NZZ* which emerges as a leader of the pro-Swiss faction, says a face-saving solution is out of the question: "The meaning of the contractual obligations of the three partners is clear." A proposition SBC denies.

There seems to be nothing for it but the creation of a Sino-Swiss Centre which would certainly add a touch of the unusual to the anonymous feel of Leicester Square today. I like the idea of buxom Swiss girls clad in cheong-sams serving up lashings of sweet-and-sour *Rösti* every August 1, Swiss national day. And alpenhorns would add to the festivity of the local Chinese New Year celebrations in February.

With any luck, in years to come, a young man will be standing outside the centre, in the rain, clutching a bouquet of etiolated Taiwan edelweiss in his right hand and, in his left, a box of Madame Choy's Lucky Cuckoo Chocolate Mooncakes.

■ *James Morgan is economics correspondent of the BBC World Service.*

OUTDOORS

Gardening

A gentle end to scorching summer

Robin Lane-Fox contemplates clipping his blooming magnolia and healing yew

Mother Nature has scorched her poor gardeners all summer and, as the end of the season approaches, she is now softening them up with a kinder postscript.

Gentle rain and intermittent sunshine show September at its best. They also give us a chance for useful action, while enjoying the one high-class performer in this testing year.

Perhaps it has been the heat, perhaps it is the passing of its seventh year, but my evergreen magnolia Grandiflora, planted in 1987, has at last put lesser companions to shame.

Never be shy of planting these heroic trees against a sunny wall when you start a garden. Mine has had 14 flowers this summer, four of them open simultaneously as I write.

The myth that they need 10 years to flower in Britain is irrelevant. Better forms have speeded the process.

As yet, *The Plant Finder*, the Hardy Plant Society's list of more than 55,000 plants, lists only one source for the Maryland cross, which will flower in its third year; experts now speak equally well of Saint Mary, but I am happy with my usual Exmouth variety which is recognisable by its narrow leaves and flowers with smaller, more widely-spaced, white petals.

They last for a long weekend and then the lemon-scented flowers turn brown like suede and start to drop. Blame their fall on the beetles who find their way into the flowers and pollinate them, their primeval duty since the years before the earth's last ice age. Who can be cross with the beetles when the slightest cooling on a September evening releases the scent which draws everyone to it?

Grandiflora owners must soon decide whether to choose clear daylight through their ground-floor windows or whether to leave their magnolia to grow sideways on the wall outside and obscure the light. These magnolias grow furiously and I will soon be hidden behind evergreens, lost to the world beneath a pre-glacial canopy.

Next spring, the magnolia will have to be pruned. Meanwhile, we should all be using the weekend on our evergreen backbones: those hedges and shapes of yew and box. Now is exactly the right moment to clip and train them because their sap is running less freely and their growth will be less delayed by being stopped.

Arm yourself with some bamboo canes, a ball of string and a sharp pair of hand shears. Fix the canes at intervals down the front of a young hedge, tapering them inwards slightly to give the slope, or batter, of a well-groomed hedge. Traditionally you should allow an inward slope of one inch to each foot of height. Stretch lengths of string along the canes and then cut the hedging back to its line, striking firmly so that you do not leave split ends.

I hate cutting anything and would have disappeared by now in an undisturbed jungle if visitors' expectations did not force me to give hedges a shape. This year, the clipping of yew has taken on a new attraction: it is our chance to be useful and contribute to the nation's health.

You probably know the feeling of wistful waste when you are left with piles of green yew clippings, too early in the autumn to be used in winter decorations. It always seems sad to cremate them, but now you can send them off for research.

At Old House Farm, Stubbs Walden, Doncaster, Yorkshire, John Cook and his family have been farming 1,200 acres for nearly 40 years.

Since 1991, their company, Friendship Estates, has branched out from green herbs into yew clippings: they travel all over Britain to collect them, blow-dry them and send them to be milked for their vital extract, known as 10-DAB III.

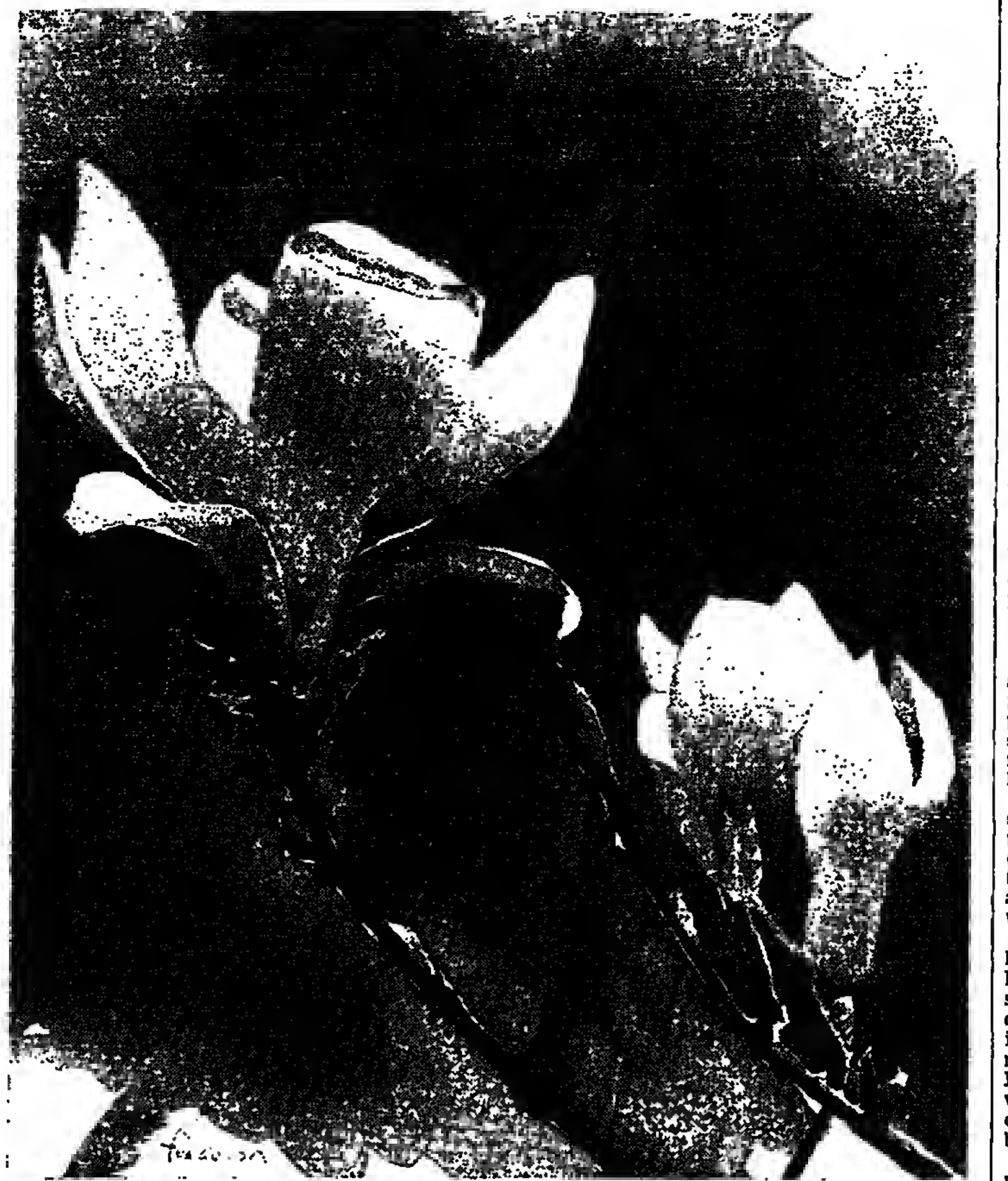
When purified, this extract becomes docetaxel, a current favourite in cancer research, where high hopes are held for its medical worth.

Friendship Estates will come to your garden for the clippings of at least 50 yards of yew hedging. It has 300 customers already and, in its third year, is collecting more than 100 tonnes of yew clippings. Fax on 0302-700958 or telephone on 0302-700200 if you have enough yew to help. It is a prompt collector and has swept up the crumbs from the academic yews in a nearby Oxford college already.

One hope for docetaxel is in the treatment of breast cancers, among others. Clippings should be stored in a cool and shady place to a maximum depth of 9in until they are collected. Friendship Estates will lend appropriate bags and cool air fans to customers with a serious length of yew on offer.

It has been an awful year for hedge funds, but I feel it is up to the gardening column to name one which will actually turn out to have some value.

If only the doctors would come up with a use for the leaves of my magnolias. Then it would not be so hard to cut them, too, let in the daylight and tell myself that I was striking a blow for a longer life.



Magnolia Grandiflora: never be shy of planting these heroic trees against a sunny wall

Angling/**Michael Wigan**

Russia's river of high returns

East of Murmansk, a large snout of taiga called the Kola Peninsular noses into the Barents Sea. Its few inhabitants, famed for their extremes of inebriation, herd reindeer. It used to be one of the world's more forgotten places.

All this changed in 1990, however. That was when an American sporting outfitter called Frontiers discovered that the rivers on the near-deserted Russian peninsular supported stocks of Atlantic salmon in numbers not seen in Europe or America for more than a century.

Most of the waters meander through trackless wastes, cuckoo-haunted forests and immense, glacially-scoured plains largely untouched by man.

When the salmon smolt heads for salt water, it finds unobstructed passage to the wintering grounds, patrolled comfortingly by the Russian navy. It is all quite a change from the mayhem of the EU-regulated North Sea.

This has led to big changes. The shacks of Murmansk airport are now full of colourfully-clad fly-rodders – an international coterie of fishing enthusiasts who will do almost anything to make contact with their premier game fish.

From a battered Russian airport bus, they creep into the cavernous holds of even more battered Russian helicopters. These huge ironclads thud over the taiga, depositing their human cargoes at camps newly constructed in the forest. Polystyrene igloos, tents, anything will do. Nothing like this invasion of fly-pole artists has been seen before.

The river to which I went is 260 miles long and queen of the lot. Of the 11,000 fish caught by rod annually on the Kola Peninsular, 7,000 come from the Ponoi during a season that lasts four months starting in June. It is remarkably consistent.

Two camps operate over a fishing concession from the Russian government that covers 80 of the prime 120 miles that are suited to fly fishing. The luxurious Upper Ponoi camp, my abode for a week, not only has a stretch of this great salmon river but also flies devotees out daily to two dreamily beautiful tributaries, the Aacberiyok and the Pournache.

When salmon are encountered in these rivers, they can be blissfully forgiving. After a botched cast and a poor strike, even after having been hooked and lost, they return to the attack with an aggression that usually occurs only in fishermen's wilder fantasies.

Statistics may be inconclusive, but salmon talk is rarely devoid of them for long. One British woman landed 42 salmon in a day from the upper Ponoi.

My own fishing partner found creative embellishment of the day's proceedings unnecessary – he hooked and landed nine salmon in two hours in a pool requiring only half a cast. Three years ago, 12 rods on Lower Ponoi camp averaged 66

fish apiece for each of their two weeks there.

Contrary to expectations, I found that the fishing was usually sporty despite the occasional "taking frenzies". Pound for pound, these Russian fish punch above their weight. Indeed, much Stolichnaya has been sunk in sorrowful meditation on their breakaway powers. I found unshaven, bleary-looking men slumped in the airport reflecting ruefully on the inadequacies of their tackle and competence.

On the Kola, the accent might be mainly on salmon – but you can never quite forget the stories of Stalin's extermination of the Lapps, or overlook the feeling of history that permeates all Russian soil. Together, all these things make this migration of western sportsmen a particularly interesting one in which to take part.

■ *Michael Wigan flew Finnair to Murmansk. The trip was organised by Frontiers' London office at 14 Old Bond St, W1X 3DB, tel: 071-493 0798. Prices for a Ponoi package run between $5,650 and $7,500, starting from Murmansk.*

FT Ski Expedition/**Arnie Wilson**

Caught on the hop

Arnie Wilson and Lucy Dicker have reached the Australasian stage of their round-the-world expedition, on which they are trying to ski every day of 1994.

In the Australian Alps, where the pied currawong gargles and warbles and crimson rosellas dart through the snow-gums, they worry a lot about your welfare. "If you drink and then drive, you are an idiot," is a common road sign. So is "buckle up in the Bush" and "Drive to Survive".

My main survival problem is driving on the left. After eight months and 23,000 miles of driving on the right, I am finding it difficult to adjust back and we have already had one near-miss.

In Mount Buller we were urged not to forget the "slip slap slop" (suncream). It is unseasonably warm and the snow is suffering. Appropriately in the land of the kangaroo, what is required for the kind of snow conditions we have here in Mount Hotham (slushy moguls) is "the hop".

"There is absolutely no doubt about it," said Norman Wilson, one-time designer of Formula One engines, "you have just got to get the tails of your skis out of the snow".

He went on: "We were taught the hop by Peter Zirknitzer, one of the first ski instructors in the resort in the early 1960s."

Wilson and his wife Liz put this technique to good use on a recent visit to Stuben, Austria. "There were some excellent German skiers in our class," he says. "Liz and I were content to bring up the rear on the first day. Then next day the sun had got at the snow and we were skiing in the kind of slush you sometimes get in the Victoria Alps at the end of the season. This time, Liz and I were right behind the instructor and the rest were falling like ninepins."

Zirknitzer – a boyish-looking 61 who can still ski the pants off most of the locals – runs Zirky's, one of Mount Hotham's ski lodges that combines accommodation with a restaurant and ski hire. Peter Malkin, probably the most laid-back man in town, if not Australia, runs another, called Jack Frost, where we have been staying. In his spare time he runs a gold mine.

Zirknitzer is one of many Europeans in the mountains of Victoria and New South Wales. At Mount Buller, we skied with Paul Romagna, the newly appointed director of St Anton's Bundessportheim ski school for Austrian ski instructors at St Christoph.

He is about to complete 21 double winters as ski school director in Mount Buller and Schruns. Why does he keep coming back to Victoria?

"It's the scenery," he said. "At the end of a day's skiing I like to gaze across the mountains as the sun sets. The different ranges change colour from green to grey to blue. Even though I have a wonderful view of the Montafon Valley back home, this is superb – and very different from Austria."

I notice that Romagna skis sublimely, but with his legs bolted together. Surely this style is very passé.

He replies: "It is not a question of skiing with either legs together or apart. One is functional, the other aesthetic.

"When you are being watched and want to look good, you should ski with your legs together, although it has to be said your balance is more fragile. When you are skiing faster, then you gradually adopt a more functional stance with your legs a little further apart."

Our last Victorian ski area was Falls Creek. Some still sneer at the idea of skiing in Australia, but Falls Creek, like Mount Buller and Mount Hotham, has a vertical drop of 1,181ft, considerably more than most resorts east of the Mississippi, and 22 lifts. Australia's top six resorts – Thredbo, Perisher Valley, Buller, Hotham, Falls Creek and Blue Cow – have more than 100 lifts between them and an average vertical drop of 1,430ft.

WeekendFT

PINK SNOW QUESTIONNAIRE

On Saturday October 15, the Financial Times will publish the 1994/95 edition of Pink Snow, the indispensable guide to the world's best ski resorts. Here is a second chance for you to have your say in the exclusive list of top resorts that will be compiled from your replies to this questionnaire. But only one entry per person please.

FREE PRIZE DRAW
Each questionnaire received will be entered into a free prize draw. First prize will be a weekend for two in Grindelwald, courtesy of Powder Byrne ski company, featuring three days half-board accommodation at the Hotel Hirschen and a day of private off-piste tuition from Swiss mountain guide Ueli Frei. And 10 runners-up will each receive a bottle of pink champagne.

SHARE YOUR SKIING EXPERIENCES
We would like to hear about your skiing experiences. Tell us - in no more than 300 words - about your best moments on skis. And if you have any tips for fellow skiers trying to improve their technique, tell us about those too. Send in your replies, with the questionnaire, to the address below. The best may be included in an article in Pink Snow.

Please return your questionnaire to:
Ski Survey, Weekend FT,
Number One Southwark Bridge,
London SE1 9HL
The closing date for entries is Sunday September 25, 1994. The winners' names will be published in Pink Snow on Saturday October 15 1994. Only one entry per person. The editor's decision is final.

1 How would you rate your skiing ability?
Beginner ☐ Intermediate ☐ Expert ☐

2 In which resorts have you skied during the last five years? (please write in)
(i) .... (iv) ....
(ii) .... (v) ....
(iii) .... (vi) ....

3 Which is your favourite resort among those you have visited, and why?
....
....
....
....

4 (a) With which tour operators, if any, have you booked a packaged skiing holiday during the last five years?
(b) Please rate them for efficiency of service A-D, where A = excellent and D = poor
(i) .... (iv) ....
(ii) .... (v) ....
(iii) .... (vi) ....

5 Which is your favourite tour operator among those you have experienced, and why?
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Mr/Mrs/Ms Forename ....
Surname ....
Street and number ....
Town ....
Country ....
Postcode ....

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FOOD AND DRINK

Wine

Exciting and under £4 a bottle

Wine merchants and consumers should sniff out the south of France, says ***Jancis Robinson***

The south of France is making the best valne wlnes in the world today. Discuss.

Well, where else can you find varied wines with real character and a sense of provenance for less than £4 a bottle? And the exciting thing is that the south of France produces such a large quantity of wine – more than any other wine region in the world – that the number of interesting bottles is substantial, and the potential is enormous.

Take, for example, the two most fashionable white varietal wines, solid Chardonnay and modish Viognier. The Midi may not be able to offer anything with the concentration of a Corton-Charlemagne (Coche-Dury's 1991 is stunning) or the best Condrieu, but it can field some of the world's better-made examples at the blunt end of wine pricing.

Domaine St Hilaire's Chardonnay 1993, Vin de Pays d'Oc at Oddbins and Le Gineste at Waitrose can offer full, round Chardonnay fruit with a distinct suggestion of the added interest accrued by stirring the lees after fermentation. Not bad for £3.99, although I suspect these wines are best drunk straight off the bottling line.

Viognier 1993 Resplandy, £3.95 from Sainsbury's and another Vin de Pays d'Oc, has, like so many cheaper Viogniers, more than a whiff of air freshener about it, hnt it has very lively acidity, lots of fruit, and is generally a better bet than the vapid market average with this variety.

Perhaps the interest for serious wine lovers is the Midi's ability to provide carefully made, small domaine, *appellation contrôlée* wines at rock bottom prices. Ch de Cabriac Corbières 1991, £3.45 at Asda, is a good example. Round, full, and generous, it is a fitting memorial to the winemaking skills of the late Bernadette Villars who was consultant there.

Sainsbury's Ch La Voulte Gasparets 1990 at £4.75 comes from one of Corbières' most respected domaines, run hy a former plumber with suitably fastidious attention to detail. Full, herby and chewy, the wine is truly representative of this beautiful region, and the 1991 vintage will be a worthy successor.

Faugères 1991, Domaine Marbrières, £4.19 Safeway, is another excellent, deep draught of oak-aged wine from the ambitious Laurens co-operative in the rocky Faugères zone.

There is no shortage of serious estates in the Minervois appellation making sleek reds and increasingly sophisticated whites on a shoestring. Oddbins has invested in one of the Languedoc's most polished bottlings, Cuvée Trianon 1991 Villerambert-Julien, which can provide that rather *nouveau* bordeaux mixture of density and structure with fruit ripe enough to enjoy now that is difficult to find in a red bordeaux selling at £6.99.

Both Adnams, of Southwold, Suffolk and the Thresher/Bottoms Up/Wine Rack group have taken a particularly good look at what the Midi has to offer and both the Adnams and Bottoms Up lists are worthy of serious study. Domaine l'Hortus makes some excellent red and rosé, and Fitou is once more a potentially interesting proposition. La Vigneronne, of London SW7, also has a fine collection of some of the more obscure southern French wines.

Further east the Grenache grape starts to dominate and many of the reds are a little sweeter and more alcoholic. Grenache Le Radical 1993 Vin de Pays de Vaucluse, £3.25 Oddbins, is a new wave Grenache made in Côtes de Ventoux country just north of Mayle country by an incomer. Full, fruity with high acidity, it is certainly good value, if far less exciting than, say, the dense, Châteauneuf-like wines of Ch de Fonsalette from O.W. Loeb, London SE1.

A fair stab at this hefty style for under a fiver can be found at Waitrose in the form of Cairanne 1990 Domaine de la Presidente £4.99. This is absolutely correct Côtes-du-Rhône-Villages with real density, roundness, and lovely, spicy Grenache fruit from the village of Ste Cecile des Vignes.

Meanwhile, Provence is producing more and more interesting red wine, often from blends of Cabernet Sauvignon and Syrah. Domaine de Trévallon, from Yapp Bros of Mere, Wiltshire, showed the way and has yet to disappoint this palate. Now Coteaux Varois wines such as Routas, from Adnams and Morris & Verdin and Domaine du Deffends are worthy of serious consideration by any serious wine enthusiast, if that is not an oxymoron.

Domaine de Triennes, Les Aureliens Vin de Pays du Var 1992 is £5.99 at Oddhins and the most impressive Provençal red so far from this new enterprise undertaken by two of Burgundy's most admired winemakers.

It is full, rich, dense yet supple and, while not being under £4, certainly does nothing to disprove my thesis that the south of France is where any wine merchant worth his salt should be sniffing most keenly.

Simple and special ingredients

Nicholas Lander finds shelf space for Richard Olney's new book

No enthusiastic cook with limited space on the kitchen bookshelf will welcome yet another book extolling the virtues of Provençal cooking. Almost every cookery book written today, regardless of the author's birthplace, seems to include a recipe for aioli, grilled vegetables or a *daube* of beef.

Lulu's Provençal Table by Richard Olney (Harper Collins, $30, 364 pages – soon to be available in the UK), is different.

It begins romantically in 1935 when Lucien Peyraud met Lucie (known as Lulu) Tempier in Aix-en-Provence and recounts their subsequent marriage in 1937.

In 1940 they took over her family's wine property, Domaine Tempier, in Bandol, but the second world war imposed its harsh reality. The only food available in any quantity was Jerusalem artichokes and, unsurprisingly, they do not feature in any of Lulu's recipes.

The book describes Lucien's dedication to improving the quality of his wines, now sold around the world, and Lulu's dedication to cooking for family, friends and those fortunate to have found their way to the Peyraud's table.

Lulu's recipes exude an air of simplicity because she is a domestic, rather than a professional, cook. Her leg of lamb on a bed of thyme is stunning but very easy (even if you are cooking on a small oven in your holiday *gîte*) and her recipes for flat vegetable omelettes will please a single diner or a large gathering.

Behind all the menus lies a consistency of method and balance: a thoughtfully prepared *amuse-gueule*, a main course that is there to impress as much with its taste as with the care with which it has been prepared, a well-chosen cheese and/or a light dessert, usually incorporating the freshest fruit.

This book excites on several other levels too. It is fastidiously written by Olney, an American who has lived in Provence for many years and has become a close friend of the Peyrauds.

Gail Skoff has not only taken some inspirational colour photographs but has lovingly resuscitated some black and white pictures from the Peyraud family album. The book has also been edited thoughtfully.

Many cookery tomes are annoying because the recipes end mid-page. The editor has avoided this and skilfully used a series of woodcuts from *Le Trésor de la Cuisine du Bassin Mediterranean*, published in 1930, to add to its variety. These provide the final special ingredient to a book which should find a place in any kitchen.

Lucien Peyraud divulges the secret of making vin cuit

Appetisers

Ready rosés

Some rosés for immediate drinking (I have yet to encounter a rosé which improves with age): Côtes du Lubéron Rosé 1993, £3.29 Safeway only, is a Hugh Ryman creation, and very successful too, with attractive Grenache fruitiness, appetising weight and a really dry finish. Bordeaux Rosé 1993 François de Lorgeac, £3.49 Waitrose, has attractive bite, and is just off-dry. It would make a perfectly respectable lunch wine. *Jancis Robinson*

□ □ □

A chance to savour Rajasthani cuisine at The Red Fort, in Dean Street, London, until October 23. Dishes include *safed maas*, lamb marinated in yoghurt and cooked with almonds, coconut and chillies to a white finish, and *dal batti churma*, a meal of mixed lentils, hard bread soaked in clarified butter and sweet, whole wheat marbles. A typical three-course meal will cost around £25, excluding drinks. Tel: 071-437 2115 or 2525. Fax: 071-434 0721. *Jill James*

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As is so often tha case, for entirely unmerited reasons, the most memorable bottle drunk during a recent visit to Champagne was a still red, a 1987 Mondavi Reserve Pinot Noir from a champagne maker's personal cellar. Waitrose sells the regular Robert Mondavi Pinot Noir 1991 for £8.95.

It should age every bit as well, although can now offer essence of true Pinot fruit – and is earthier, somehow more ambitiously "Burgundian" than the Faiveley Mercurey La Framboisière 1992 at £7.95 which is super-fruity, not to say super-raspberry-like. But since it is Faiveley, which is suing the American wine critic Robert Parker for his comments on their winemaking practices, I would like to make it clear that I very much enjoyed this splendid wine. *JR*

□ □ □

Well worth a visit if you are in south-west London, is Sonny's at 92 Church Road, Barnes. The shop – more like a French *traiteur* than an English deli – and adjacent café are open Monday to Saturday, 10am to 6pm. Dishes such as chicken and choroso gumbo, char-grilled vegetables, and bread and butter pudding are on sale. Rebecca Mascarenhas stocks the best of everything that is homemade. It makes a handy one-stop-shop for a dinner party. If you are pressed for time, Mascarenhas will plan a menu for you over the 'phone and then taxi it to your home (and send a chef and waiter too, should you need them). Tel: 081-741 8451. *Lucinda de la Rue*

Minding Your Own Business/**Stephen Halliday**

Swimming against the tide

Why am I standing in Berkhamsted High Street at 2.30am in a thunderstorm, when sensible people are asleep? In a rash moment I have arranged to spend a day working with my local fishmonger, Wayne Slessor, owner of Aylesbury Fisheries, to find out how he makes such a success of a business in which many of his competitors have been closing down.

Superstores, which concentrate on a limited range of fresh fish, have increased their share of the market and independent fishmongers have found it hard to compete.

Yet in the last 15 years Slessor, who is 35, and his family have created a business which now has three shops, seven market stalls and a steady business in special orders for customers such as Champneys health farm. Sales are more than £1m a year.

I want to know how he has done it. I am also curious about how hard he has to work to afford the new Lamborghini for which he has just traded in his two-year-old Ferrari.

We set out in his van at 2.45am, making brief calls at two of his shops and at his depot to check that the ice-making machines have been working effectively overnight.

At 3.30 we call at Nat Jacobs of Edgware, a Kosher shop he has recently bought, to check that the overnight deliveries have arrived from the ports and that the shop has been thoroughly cleaned. This shop is run separately from the others, to conform to strict Jewish dietary laws. No shellfish may be stocked and a skilled "blockman" is employed to fillet and prepare fish while customers wait.

The shop, like Slessor's other outlets, has been re-fitted with white, decorative tiling and stainless steel units to display the fish in ice. It is attractively decorated with preserved fish. It costs about £30,000 to fit out a shop in this way.

It is now 4am and we set off for Billingsgate, arriving at 4.40. The new Billingsgate is in the shadow of Canary Wharf. It is a modern complex with a trading floor of about 40,000 sq ft. The first impression I get is of whiteness. The tiles are white; the polystyrene boxes containing the fish are white; much of the fish is white; and the overalls of the market traders and porters are white – though by the end of trading they are stained grey.

The only incongruous note is struck by the Harrods buyer, dressed in a black banker's jacket and black striped trousers. He looks as if he has stopped off on the way to a wedding. But there are no representatives from the superstores at Billingsgate looking for anything out of the ordinary this morning. The second impression is that there is hardly any smell of fish: the ice that keeps the fish fresh and the ventilation system are responsible for that.

At 5am a bell rings and trading begins. Slessor makes his way from one trader to another, checking the quality of the fish and haggling over prices. He can tell, from handling a fish, how long has passed since it was caught, from the degree of rigor mortis.

Crabs are rejected because today they weigh too little in relation to their size. He shows me how to tell a wild salmon from a farm salmon.

Much friendly, loud abuse is exchanged between buyers and sellers before prices and quantities are agreed. Each makes a note in his own book (or occasionally on his sleeve) about the bargain struck. No signatures are exchanged. The speed and informality remind me of the old trading floor of the Stock Exchange.

Slessor also distributes cheques in payment for fish bought the previous week. In 45 minutes he spends £15,000. Half of his produce comes from Billingsgate, the remainder direct from the ports – much of the latter being for his Kosher outlet.

By the time we return to his van, much of the fish has been brought by porters to the rear of the vehicle. We start to load it and, while we do so, further deliveries arrive. It is hard, physical work, lifting boxes which can weigh more than 80lbs – a fully grown tuna is longer than a small car.

It is now 6.30, about the time I would normally be waking up. We make deliveries to the shops, the managers having arrived by 6.30. By 9.30 the shops have received their deliveries and I am exhausted. Slessor heads off to make deliveries to two of his stalls.

He has built an expanding, profitable business in the face of supermarket competition and has made a substantial fortune. How has he done it?

First, through hard work. He first began to sell fish (and meat) in his teens, putting in a full day as an engineering apprentice at Vauxhall, selling his produce in the evenings and at weekends. He also attended evening classes to learn about retailing fresh produce. Now that he works for himself he leaves home at 2am three days a week. On those days it is normal for him to work a 15-hour day.

Secondly, he knows his customers. No two shops or stalls have the same mix of products. Some sell mostly cod and plaice, some do better with exotic species.

By judging his markets carefully sells up to 75 per cent of his produce on the day of purchase. He therefore has no money tied up in stock and has never needed a bank loan.

Finally, he emphasises the importance of his family to the enterprise. His wife, Michelle, has worked with him since they were both in their teens. Of the 10 people employed in the business, six are close relatives who, like him, are prepared to work unsocial hours and can be trusted not to pocket the takings in what is almost entirely a cash business. He is also fortunate in having secured the services of experienced staff from businesses he has bought.

The biggest single constraint on the expansion of the business is likely to be difficulty in recruiting staff with the knowledge and commitment required to work in a rewarding but tough business.

In the 15 years Slessor has been in business 10 per cent of fishmongers have closed. Slessor has bucked the trend towards superstores and is seeking further sites from which to trade. He has certainly earned his Lamborghini in my book though I cannot imagine when he finds time to drive it.

■ *Aylesbury Fisheries: 0442 842416*

■ *Stephen Halliday is Principal Lecturer in Small Business at Buckinghamshire College Business School, Brunel University.*

A family business: Wayne Slessor, his son Wesley & his sister-in-law Lisa Boughey at the Berkhamsted branch of Aylesbury fisheries Stephen Halliday

Cotswold dealers see the light

After four hard years, Antony Thorncroft finds that optimism is returning to the antiques trade

After four years of chill winds and battened down hatches, the first rays of sunshine are brightening the lives of the Cotswolds' 60 or so serious antique dealers. The recovery in demand is still described as "spasmodic" but most dealers are more relaxed about the future. One of the largest, Jack Baggott of Woolcomber House, Stow-on-the-Wold, says: "I will be making my first profit for three years."

The Cotswolds is easily the biggest antiques centre in the country outside London. It is also the pleasantest to visit. The charm of the country is a big factor in persuading dealers to set up shop there and customers, both dealers and private collectors, to trawl around the clusters of shops in Stow and Burford, and the good showings in Broadway, Cirencester, Witney, Moreton-in-Marsh and the smaller villages.

In some sectors, such as oak furniture, there are probably more fine pieces on offer than in London. And because the operating costs of Cotswold dealers are lower than their London rivals, their prices tend to be more attractive.

Anyone interested in antiques, especially for home decoration, but over-awed by London dealers and the auction rooms, can find a wide range of antiques, mostly costing less than £5,000, in the Cotswolds. Most dealers will also negotiate on marked prices, but only within 10 per cent.

This year demand has picked up, even in July and August – usually quiet months when the towns and villages are crawling with tourists who clutter the shops but usually do little more than browse. This year, though, some actually bought.

Private collectors, who in the past decade have replaced dealers as tha main customers, have recovered their confidence. An important factor has been the increase in house sales in the region, particularly in the upper price range. People buying a new home tend to refurbish, and they like the country furniture which is available readily in many shops.

Some of the houses will have been sold by hard-hit Lloyd's Names, but expectations that these would dispose of their art and antiques to a trade desperately short of fine items have not materialised. Lloyd's has hit the Cotswolds mainly by depriving dealers of regular buyers.

Of course, many dealers like a moan and, with trade improving, their grievances are directed now at grasping and unsupportive bank managers who continue to raise charges; spiralling business rates; and the shortage of good stock. Certainly, dealers must work harder – by touring the UK and abroad; by cultivating clients in the hope these will sell back items; and by attending obscure auctions – to ensure that they can re-stock with quality goods.

It is not surprising that, with real incomes rising, there should be an improvement in demand. But many dealers are sounder financially because of their success in cutting costs. Stephen Jarrett of Witney Antiques, who has one of the finest stocks of 18th century (and later) furniture in the area, has managed to reduce operating expenses from £280,000 a year to £190,000.

Others, like Robin Shield, have given up their shops (he used to operate in Burford) to trade from home – in his case, Cricklade. But dealers are still attracted to the Cotswolds. In Stow, which has more than 20 antique shops, numbers have been swelled recently by the arrival from London of Arthur Seager, who concentrates on pre-1800 furniture and carvings, and Roger Lamb, who covers the field of decorative items.

Both are delighted with their move. Seager swopped a Kensington lease for a Stow freehold and saw his costs fall 20 per cent. He is one of the dealers who locks his door against casual callers: he relies on his regulars, many of whom are American collectors who appreciate a pair of 16th century carved wooden heads for £2,200; an early-18th century tavern settle for £1,250; and a cosy Elizabethan farmer's chair for about £13,500.

Lamb has turned over his stock since February. He concentrates on small, decorative antiques, all priced below £5,000, such as a Regency chiffonier for £3,000 and a games table at the sama price. Both show off well in the homes of his principal customers, the weekend country cottages of the wealthy.

"The Grand Canal", by John Linfield, one of the watercolours of Venice to be shown at the Stow gallery of John Davies on October 19

Costs apart, the Cotswold dealers have survived better than London during the recession partly because they are happy with more modest margins (30 per cent and sometimes less) and partly because many concentrate on furniture. "Demand is still out-stripping supply in English furniture," says Baggott, although it is only the finest pieces which command the premiums. Even so, he reckons prices have not moved up in the past year.

Baggott has a huge stock, of almost 5,000 items, mainly priced between £1,000-£5,000. At the moment buyers want useful furniture, like the Gillow pedestal desk priced at £2,850, and the circular, Coalbrookdale garden seat, which rings a tree, priced at £3,450.

Like many dealers, he regrets the disappearance of good 18th century walnut and Chippendale pieces. Prices for them at auction can be so high that, by the time a dealer has smartened up an item, there is no profit in it. Few local buyers like to venture above £10,000.

Those that do, end up at Witney Antiques, which carries a stock that rivals London's Bond Street. On offer now are a magisterial pair of Regency desks made by Gillow, priced at £58,000. This is exceptional, though. As a sign of the times, Witney Antiques is seeking a wider market, and most items now cost less than £25,000, such as an attractive group of four tables that slip beneath each other and carry a £5,500 tag.

Among the specialist Cotswold shops, Manfred Schotten in Burton has one of the widest ranges of sporting antiques in the UK. One of the smallest items for sale at present, a feather golf ball of around 1940 made by James Gourlay, is one of the most expensive in the shop at £7,500; while one of the largest items, a late-19th century full-sized snooker table, is priced at £3,000. Here, you can find enticing presents for sports-mad partners: late-Victorian golf clubs at £185 (and Edwardian at £95); Victorian tennis rackets for £145; and 1930s' cricket bats for just £45.

Across the road is another specialist, Richard Purdon, who sells rugs and carpets – the genuine, pre-1900 articles, not modern substitutes. This market has received a new lease of life with the disappearance of the Soviet Union. Many fine rugs and textiles are now coming out of places like Uzbekistan. Purdon is offering a fine, colourful Uzbek coat for £350: he sold an even better one to the US for £3,000.

Purdon goes for a small profit and a quick turnover and his prices rarely climb above £10,000. An exception is a fine Bijar carpet on offer at £14,500: he bought it from a local family which had acquired it in 1979 for £4,000 – so proving that many antiques, even those you walk over, appreciate in price.

There are not many specialist picture dealers in the Cotswolds but, just outside Cheltenham, The Priory offers decorative late-19th and early-20th century art, while John Noot and Richard Hagen of Broadway trade in similarly popular works. Noot has just opened a third outlet inside the Lygon Arms hotel.

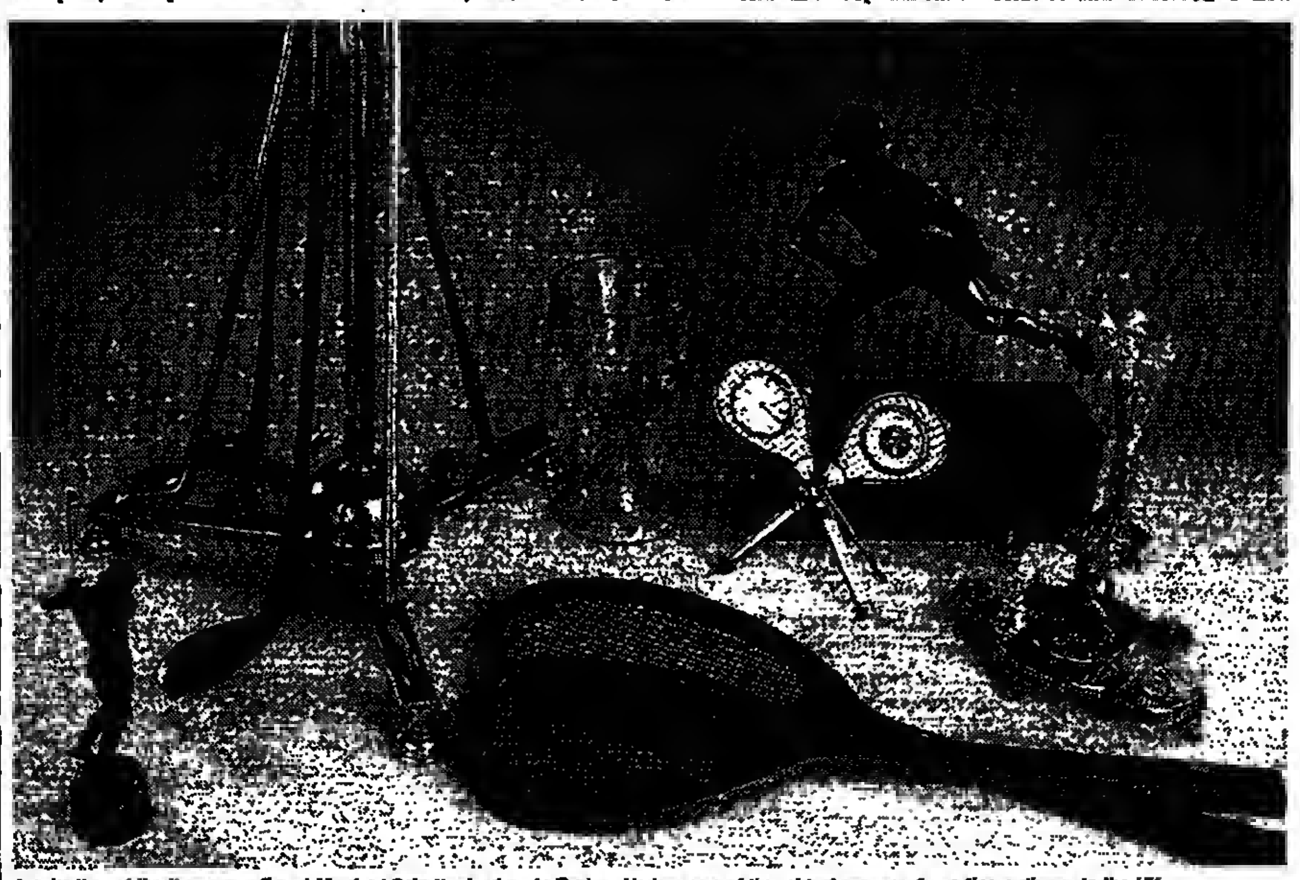
In Stow, the biggest gallery belongs to John Davies. He has adapted to the more selective market by adding limited edition prints to his stock alongside works by Dorothea Sharp and Harold Harvey, now on offer well below their 1989 saleroom peaks of £60,000 or so.

On October 19, Davies is showing watercolours of Venice by two respected artists, David Gluck and John Linfield, priced between £350 and £2,500.

Typical of Cotswold premises overflowing with every conceivable antique, from Victorian snuff boxes to Georgian dressers, are Rankin Taylor in Cirencester and Jonathan Fyson at Burton. Leslie Taylor has crammed her shop with items she likes, ranging between early glasses from £8 to a leather-covered chair of around 1680 priced at £1,250. Fyson likes to turn over his stock four times a year. Among his curiosities is a collapsible teak table of around 1800 used aboard ship: price £3,000.

Other shops are more severe. Keith Hockin in Stow loves early oak, and here you can buy 18th century candle boxes for £300 or less; large pewter flagons for £2,000, and an 18th century wine bottle from All Souls' common room for £95. And back in Cirencester, at William H. Stokes, you get equally early items aimed at the higher end of the market. He is offering, for £22,500, a 1580 table which he sold 25 years ago for £1,900.

People now know that antiques can be a good investment. But their real attractions are that they are beautiful, often useful, and cheer up a home. Equally pleasurable is hunting for them in a region as quintessentially English as the Cotswolds.



A selection of the items on offer at Manfred Schotten's shop in Burton. He has one of the widest ranges of sporting antiques in the UK

Excellence is the only criterion

A prize like the Jerwood was long overdue, says ***William Packer***

Yet another prize for artists may seem old hat, but the institution of the Jerwood Painting Prize is something of an event.

In the first place, an award of £30,000, winner takes all, ups the ante quite a bit. Outstripping the Turner Prize by 50 per cent, this has persuaded an extremely strong field to declare itself.

Unlike the Turner there is no waiting upon nomination by the art world's great and good – if you think you are up to it, you can have a go. Nor is there any nonsense about age limits: not least of the Turner's present failings, some would say, is its high-minded commitment to artists under 40 – as though they need encouragement. With the Jerwood Prize, the only rule is that entrants must have been working in the UK for the past 10 years.

But what really makes the Jerwood special is that it is a painting prize, its criterion the simple rubric of "excellence in modern British painting". The Turner Prize, on the other hand, has in recent years so apparently become the preserve of the sculptural and conceptual avant garde – this year the shortlist features two sculptors, a video-installation artist and one painter. The UK has as varied and vigorous, serious and mature a community of painters as any in the world, but to see what is shown of it abroad, you would hardly know.

There are, of course, several other well-established open-submission awards for painting, such as the John Moores and the Hunting Prize. However, being based on the principle of selecting an exhibition first and then finding a winner, they are very different.

In contrast, it really seems that the Jerwood is setting out to select a single painter from among his or her peers as the most distinguished in any year by virtue of sustained achievement and a substantial body of work. The nettle has been grasped at last.

The 250 entrants were reduced by the jury to 12, each of whom was visited before the final shortlist of six was established. Those six supply the Prize Exhibition, which was shown at the Royal Scottish Academy during the Edinburgh Festival, and opens on Monday at the Royal Academy in London. The winner will be announced on September 21.

Together the six artists embrace a range of what, without any condescension, we can call current mainstream modern painting. There is no conceptualism, nothing programmatic or polemical. It is work that by not being self-consciously avant garde, does not readily receive its critical due.

One of the painters is still young, three are middle-aged, a couple are getting on a bit. Two are abstract – John Hoyland with his expansive expressionism, Yuko Shiraishi with her restrained, minimal colour-fields. Maurice Cockrill is an expressionist too, but one whose work is abstracted rather than abstract, his figures now subsumed within an organic, invented landscape.

The other three are out-and-out figurative painters, but of very different sorts. John Lessore creates low-key and loosely stated figures and interiors. Craigie Aitchison's colour is pitched high and decorative, his figures schematised and symbolic. Euan Uglow, is committed to an exact and disciplined scrutiny of the model.

Had I been on the jury, I may have chosen others from the 12, but only one or two. I have to say what a relief it is to confront a shortlist that is entirely acceptable. There is no token presence and each artist has a chance of winning – well worth a punt.

Shall I mark your card? Cockrill started his career late and has finally emerged as a mature and significant painter, which he has been threatening to do for some years now. He is certainly in the frame. But Euan Uglow must be the clear favourite. Why he does not have an international reputation is no mystery, but it is a scandal. Though an artist of a very different kind, he is the one painter of the figure working today who can match Lucian Freud in measuring himself, beyond mere modernism, against the great European figurative tradition.

Eve by Euan Uglow: a long underestimated, artist, he can measure himself against the great European figurative tradition

The Jerwood Prize Exhibition: Royal Academy, Piccadilly W1, until September 28; Prize sponsored by The Jerwood Foundation and the Sunday Telegraph in association with Modern Painters.

The rhythm of life after Stalin

Martin Hoyle *on a finely written but overly-cosy play about genius*

The ice on the Neva cracks with the resonance of fine writing – French writing, to boot, than which there is none finer. The poetics come up like thunder.

Black Soil White Soil, playing at the Gate in London's Notting Hill, is that tricky thing, a play about intellectuals written by a cosmopolitan Francophone with a thing about "feminine writing". Not feminist, mind you, but something subtler and deeper, to do with basic rhythms.

It is also about genius – another trap for the over-confident writer. How do you express genius without sounding like a press release, a book-jacket blurb or a *Reader's Digest* "Most unforgettable character I ever met" article?

You could do worse than get Donald Watson to translate from the French. Tact, sensitivity, and extensive practical experience of the theatre mark his version of Hélène Cixous' play. This does not, however, quite efface the impression of self-conscious monologues, or negate the slightly laboured superimposition of the heroine's poetic gifts on to an everyday story of post-Stalinist folk.

The play deals with the poet Anna Akhmatova (1889-1966), for many years an unpublished cultural outsider, two of whose husbands disappeared and whose son was interned in a labour camp.

After Stalin's death came the thaw – of a sort. Significantly the play begins with Anna, played by Kika Markham, gathering firewood with Nadezhda, widow of the writer Osip Mandelstam, as the frozen river splits with the onset of spring.

Disappointments and frustrations await her before some semblance of recognition and restitution, due not least to her own stubborn refusal to compromise with the literary authorities' required cuts, omissions and general censorship of her poetry.

The play is a hymn to endurance in apparently hopeless conditions, to a struggle for survival so basic as to be barely distinguishable from death: "Committing suicide to live," as Anna puts it.

The light it casts on the old regime in Russia is fascinating: the pervasive paranoia that prevented poets from writing down their works, instead enlisting friends to memorise them – and the funny, sad dismay when author and confidante find they have forgotteo lines, like failing to remember what a loved one looks like after a long absence.

Anna lives in a room separated from a communal cooking area only by a curtain, behind which sits a nosey neighbour (aptly nicknamed Polonius) who eavesdrops, goes through Anna's things, dabbles in the black market and eventually becomes something of an ally.

The poet's chief friends are Lydia, an eagerly helpful go-between with contacts, who spends her time championing Anna's cause with publishers, and Nadezhda, with whom she argues over the authorship of some poems – did Anna write them, or the late Osip? The puzzlement seems genuine in this shadowy world of disowning one's creative progeny for its own good.

Mia Soteriou makes Lydia rather touching, not least when, loyalty strained, she rebels against Anna's imperious demands. No genius, as she admits, Lydia still "in her small corner needs a life of her own". Her revolt fails to ring entirely true, since Markham's Anna is simply too nice for the cantankerous unreasonableness of genius depicted. A woman as pleasantly straightforward as this would have lacked the resilience to survive in a world where she had to resort to placing the odd hair in a book to tell whether her private possessions had been disturbed by a stranger.

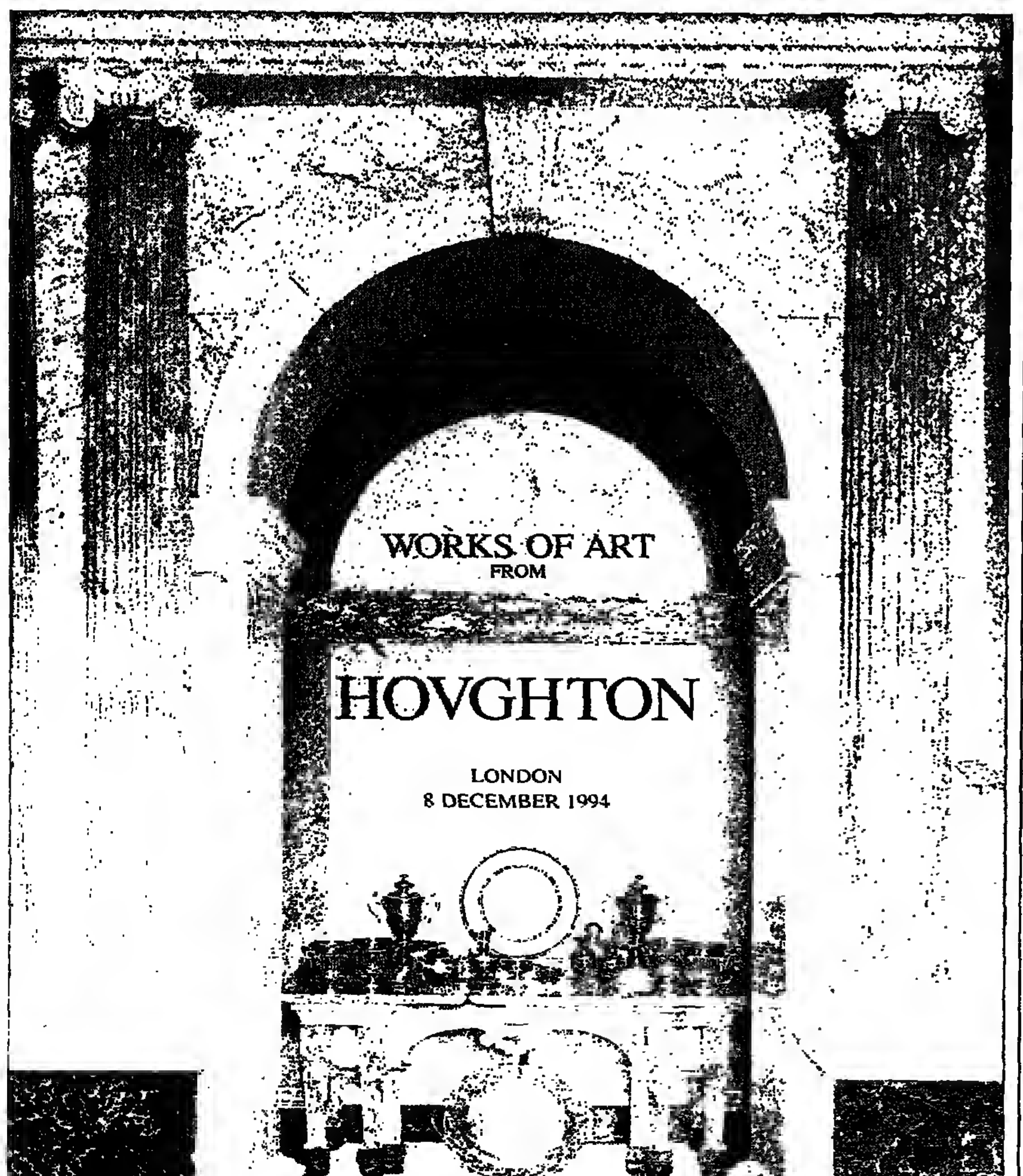
Sue Parrish's direction makes this a soft-centred, almost cosy world, surely the last thing intended – though the author's prolixity, more intellectual than theatrical, must take much of the blame. The curtains of Iona McLeish's set, white with slashes of black, evoke the birches of Mother Russia – hinting at a prison-camp palisade as much as a lyrical backdrop.

Gate Theatre, Notting Hill until October 1

Proms record

The 100th season of BBC Henry Wood Promenade Concerts, which ends at the Royal Albert Hall tonight, has been the most successful ever: attendances for the 68-concert season averaged 86.4 per cent – the highest since records began. Over half the concerts achieved more than 95 per cent ticket sales.

The programme for tonight's traditional Last Night celebrations includes Bach's *Toccata and Fugue in D minor*, Walton's *Belshazzar's Feast*, and Vaughan William's *Five Variants of Dives and Lazarus*. Andrew Davis conduct the BBC Sumphony Orchestra, BBC Singers and soloists Evelyn Glennie, the percussionist, and Bryn Terfel, baritone.



ARTS

Venice Film Festival

Inspired by organised chaos

***Nigel Andrews** thoroughly enjoys the inspired madness embodied in this week's on-screen offerings*

The Venice Film Festival has reached an alarming stage. Instead of feeling as we critics should during these events – like hardworking martyrs to art with subtitles permanently dancing before our eyes – we have been enjoying almost every new movie.

From the latest Woody Allen comedy *Bullets Over Broadway* we jaunt over to a midnight Harrison Ford romp, *Clear And Present Danger*. From a jolly Spanish film about love and acrobatics, *The Tit And The Moon*, we proceed to a nailbiting, inspired Danish TV series about a haunted hospital, *The Kingdom*, before skipping over to *Heavenly Creatures*, a truth-based New Zealand black comedy about two schoolgirls who murder for their friendship.

Jury president David Lynch was seen leaving this last in a glow of approbation, so the Golden Lion may reach a long paw into the Antipodes next Monday. *Heavenly Creatures* was co-written and directed by Peter Jackson, best known for spoof splatter films like *Brain Dead*. Here he has held back on the flying intestines but not the sense of camp hyperbole.

This 1950s Christchurch is awash with picket-fence prettiness and twittering moral decency – Lynch territory par excellence – as Pauline (Melanie Lynskey) and Juliet (Kate Winslet) form their fantasy-filled friendship. This is fed by their own tales of castles and kings, and served by Jackson's blithe camera arabesques and transformation scenes. Gasp at the *Sound Of Music*-style helicopter shot of Juliet running over a hill; gasp again when that landscape is metamorphosed into a lush palace garden. Unicorns, fountains, butterflies large as hang-gliders...

It all ends in blood and tears, as the two girls' parents, who condemn the friendship as "unhealthy" and "unwholesome", predict it will. But for the audience, what a movie ride before we hit the buffers.

The only other Venice movie on this scala of robust post-modernism – witty exaggeration built into the po-faced melodrama – was Lars Von Trier's *The Kingdom*.

This is not a movie at all but more a four-part, 4½-then-two-hour TV series, shot with a handheld camera in poverty-row monochrome. But it proves the Danish director of acclaimed style-pieces *The Element Of Crime* and *Europa* can turn on the magic without tricksy optical effects.

In this Lynch-lore festival you could call *The Kingdom* "*Twin Peaks* in a hospital": teasingly quotidian setting; weirder and weirder characters; emergency outbreaks of non-sequitur; the apocalypse of ghosts and guilty secrets.

But Trier and Niels Vorsel's script has a start-to-finish logic that *Peaks* never quite had. Its perfectly meshed characters – the sarcastic Swedish neuro-consultant, the solemnly deranged anatomy lecturer, the hypochondriacal old lady who hears "voices" in the lift shaft – give the story a strong, even Ibsenite, vertebra, while the wacky toll of severed heads, masonic rituals and self-destruct surgery provides the gymnastic freedom of narrative.

In the vain quest for a dud film at this festival we critics tried averything. A Woody Allen film without Woody? That might be a trial. But no – it was *Bullets Over Broadway*, a sparkling comedy of theatre manners, with gangsters, gags and the funniest not-by-Woody performance in the entire Allen cannon. This was Dianne Wiest's vainglorious actress: sighing, snaring, scatter-brained, Gloria Swanson crossed with Margaret Dumont.

Then there was the movie from Spain's Bigas Luna, late of *Goldenballs*, about the little boy, his older pal and the big-breasted circus ballerina they fight over. Tiresome Fellini rip-off? No. Charming, stylish and funny.

How about Jefery Levy's *SFW*? This rock-scored, kaleidoscopic US movie is about a young hostage-crisis survivor (*Backbeat*'s Stephen Dorff), who after 36 days in a convenience store at the mercy of a lunatic's video-camera whose images were broadcast "live" across the nation, tries to adjust to the vulgar glare of media heroism. It threatens to be a glib, easy-target topical melodrama but gains in wit and bite as it goes on.

Kate Winslet in Peter Jackson's 'Heavenly Creatures': camp hyperbole abounds in this tale of fantasy and friendship in the Antipodes

The only undisputed flops have been Alexandre Rockwell's *Somebody To Love* – a drippy New York love story set among what seem to be the underworld folk left over from Woody Allen's film – and Ermanno Olmi's *The Bible Part 1*. This is subtitled *Genesis: Creation And Flood* – and yes, Olmi plans to film the entire Good Book.

Not like this, we hope. The Noah sequence aside, with its eye-catching ark and brief warmth of human detail, the film is no more than a glorified nature documentary set to a maunderingly "prophetic" voice-over.

The Olmi style seems even more ossified in a festival that has just produced Oliver Stone's *Natural Born Killers*. Some people loved this film, some hated it. The only sane response is to do both.

Based on a story by Hollywood's favourite *enfant terrible* Quentin Tarantino (*Reservoir Dogs*, *Pulp Fiction*), the movie is a two-hour bloodbath. The main terrorists are a young couple (Woody Harrelson, Juliette Lewis) who, after a cross-country murder spree in the film's first half, repeat the mayhem when they break out of jail in the second.

That Oliver Stone was becoming an eccentric film-maker we knew from the St Vitus style of *JFK*. But even that seems measured beside the poetic epilepsy of this film. Manic jump-cuts; topsy-turvy angles; high-speed alternations between black-and-white and colour, film and video, reality and hallucination; split-second bits of newsreel, animation.

Since the soundtrack also bawls out rock music, some have called the whole thing a feature-length pop promo. But it is much more. Despite the suspect encouragement it might offer susceptible film-goers – that killing is exhilarating – it is inspired.

The fragmented approach is not arbitrary. Stone offers us different ways of viewing the same story at the same time: documentary, fantasy, home movie, even sitcom. Scenes from the girl's childhood are enacted as clips from a TV comedy series, with comic Rodney Dangerfield as Dad and canned laughter greeting each dialogue exchange. Later, Stone derides the couch potato culture again in the figure of an Aussie-accented tabloid-TV interviewer (Robert Downey Jr, very funny) who follows the couple's jailbreak live.

Natural Born Killers is an alarming work, and for some a demented one. (Tarantino himself has disowned the movie). But you cannot expect tranquil responses to a film that proposes a whole new direction for film-making itself – and that never offers spectators the soft option of a single, moralising perspective on its bloody subject.

Houghton Hall plans winter sale

*Auction should raise £25m says **Antony Thorncroft***

Furniture, pictures, silver and other works of art from one of the grandest houses in the country, Houghton Hall in Norfolk, will come under the hammer at Christie's on the evening of December 8.

The Marquess of Cholmondeley is organising the greatest clear out from an important stately home since 1984, when the Duke of Devonshire sold Old Master drawings from Chatsworth for a rather £21m.

Christie's estimates that 160-odd lots from Houghton will bring in at least £15m. This is unnecessarily modest. The quality and provenance of the goods, which include William Kent chairs, a conservation piece by the French 18th-century artist Jean-François de Troy – estimated at up to £5m – and a pair of Queen Anne silver ambassadorial cups valued at £1m, should ensure the total take reaches £25m.

It is believed that Lord Cholmondelay, who is 34 and unmarried, plans to split the money raised equally between personal expanditure and trusts to maintain and restore Houghton Hall and his other family seat, Cholmondeley Castle in Cheshire.

Ironically he can only achieve this end by accumulating a tax debt. Since inheriting his estates in 1990 he has been attempting to sort out the family fortune.

He sold tha greatest treasure of Houghton, a Holbein portrait of a lady with a squirrel, to the National Gallery for £10m, and a Gainsborough self-portrait to the same gallery for around £2m.

But Houghton costs perhaps £500,000 a year to run, and the Marquess has been examining waya of cashing in on his greatest asset, the Hall, and in particular its furniture, which was supplied by William Kent when Houghton was built by Sir Robert Walpole in the 1720s.

The Marquess has attempted to set a precedent by offering the furnishings to the nation for £10m. Thay would, of course, have remained *in situ*.

The Department of National Heritage would not bite, but it is believed to be more interested in a deal whereby Lord Cholmondeley's tax liability on the money raised from the December auction is taken care of through an acceptance-in-lieu arrangement, which comes with a tax sweetener.

If after the sale the Marquess owes, say, £10m in tax, this could be written off in return for at least some of the furniture at Houghton.

The charm of the idea is that not only will his home remain exquisitely furnished but, by selling off two sets of two chairs from the original furnishings at the auction, he will also have achieved a market value (likely to be a high one) for the remainder.

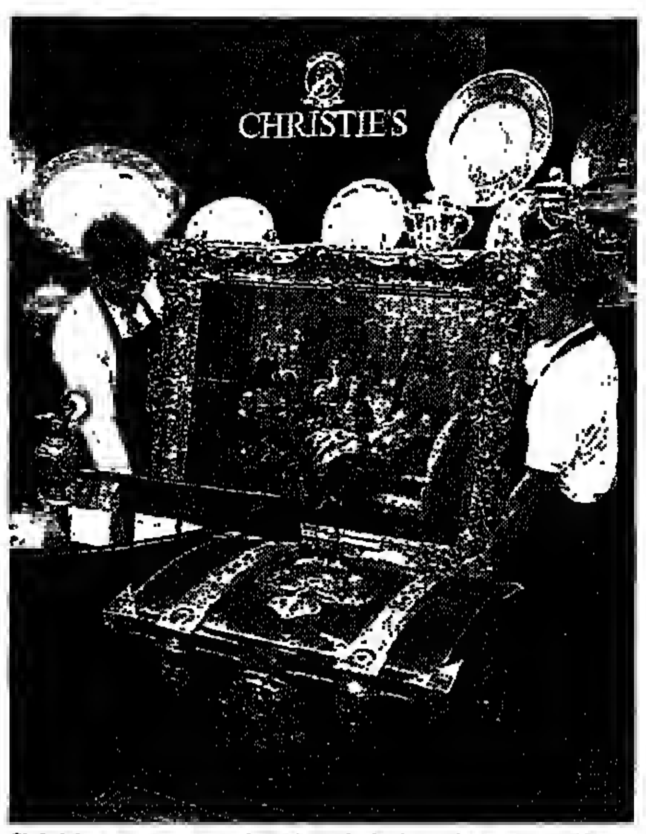
Houghton Hall is one of the most outstanding houses in England. The Treasury, always suspicious of deals in which works of art are accepted by the nation to pay off tax, may buy this one. But it will not want all the aristocrats in the land creating tax liabilities and then trying to force the hand of the heritage department to accept the contents of their homes *in lieu*.

In planning this move Lord Cholmondeley and Christie's have been shrewd. Most of the antiques to be sold come from the collection of Sir Philip Sassoon, who left them on his death in 1939 to his sister, the current Marquess of Cholmondeley's great aunt. They are mainly 18th-century French decorative items and never fitted comfortably into Houghton. Few were displayed and they will not be missed by visitors.

The loss of more paintings is serious. Sir Robert'a marvellous collection was sold to Catherine of Russia in 1778 and Houghton has never had great pictures since. But the best of the rest have been sold in recent years.

But at least Houghton will survive. Its existence has been parlous for almost two centuries. The family did not live there and three times tried to get rid of it – to the Duke of Wellington, at auction (when no one came to bid), and to the future Edward VII, who rejected it because of its poor shooting. The 3,000 acres of land surrounding it are also not rated highly.

Lord Cholmondeley's only asset is the house, designed by Colin Campbell and James Gibbs, and the furniture. Through this auction he has enabled Houghton, himself, and his sisters, to continue to live in some style.



Christie's employees carry Jean François de Troy's 'Lecture of Molière' during the sale of art from Houghton Hall, yesterday — Lydia van der Meer

Delightful Mr Shaw

The greatest pleasure of the National Theatre's new production of George Bernard Shaw's 1897 play *The Devil's Disciple* is that it puts us for over two hours in the company of Shaw himself. Who, we soon feel, is the best company in the world. In life-and-death situations, he never loses his sense of humour; amid busy narrative passages, he never loses an opportunity to throw in serious points. The play never stagnates into sheer dialectic; about every five minutes, Shaw adds some new twist to the plot that takes us by surprise. A pity that this staging is not a lot better – but it does nothing to get in Shaw's way.

The Devil's Disciple, set in New England during the American War of Independence, contains three archetypal Shaw male characters. The first is Dick Dudgeon, a charming buccaneer, so fiercely determined to reject Puritan repression that he is content to be known as "the devil's disciple". The second is Anthony Anderson, a Presbyterian minister and also a man of action committed to the American cause. The third is the British general John Burgoyne, a leader who can survey both minor incidents and the vast pattern of history with an endless supply of sardonic humour. Though they are utterly distinct characters, you can hear in all three Shaw's own voice – irreverent, audacious, authoritative, ironic, wonderfully funny.

Amid these three humorous heroes is a humourless heroine, as urgent and complex and fresh as Shaw loved his heroines to be. She is Anderson's wife Judith, who finds herself in more than one extraordinary dilamma. Should she let one man go to his death to save another? Should she follow the dictates of her heart or her duty?

Shaw called his play "a melodrama". Would that Christopher Morahan, the director, had a higher conception – a more dramatic conception – of what melodrama can be. And would that British actors today had a surer sense of how deadly seriousness and ironic humour can co-exist in the same person at the same time. Richard Bonneville is an amiable actor, but he has neither the devil-may-care freedom of spirit (and body) nor the appealing glamour to make Dick a hero. His most original effect – to have the jitters just before mounting the gallows – is a mistake. Like Paul Jesson, who plays Anderson, he fails to press home the character's moments of terrible seriousness. Jesson's transformation from a quiet priest into a passionate man of action is funnier than I had realised it could be, but it carries little conviction.

Daniel Massey by contrast, plays General Burgoyne as

***Alastair Macaulay** reviews The Devil's Disciple*

easily as falling off a log. He can switch – even during the course of a sentence – from languid irony to vehement urgency. If anything, he overdoes this relaxation of manner, but that is an error on the right side. To turn from him to the younger Bonneville and Jesson is to be alarmed: perhaps only actors who grew up in days of empire can know how to blend commanding power with casual impishness?

What is good about Helen McCrory's Judith is so good and so right that you wonder why she leaves parts of the role so tepid. She has the self-consciously erect Puritan carriage, the mixture of moral probity and emotional vulnerability, and also the inquiring freshness. In some scenes, it is she who turns up the dramatic tension in an instant. So why is she so subdued in the scene of Dick's arrest?

Morahan and his set designer, John Gunter, place the action very much to the front of the Olivier stage, with the result that when the actors are turned to speak to each other across its wide expanse, not all of them are always perfectly audible. But it is easy to find this kind of fault. The evening belongs to Shaw, and the production does not steal it from him.

In repertory at the Olivier Theatre

BOOKS

Balancing Terry Maher's books

A.C. Grayling assesses the rise and fall of the man who built Pentos

A balance sheet on Terry Maher – founder of Pentos, iconoclastic creatnr of Dillons Bookstores and now autohiographer – might read somewhat as follows.

On the credit side, Maher merits respect as a high-flyer propelled by sheer talent. He is the classic poor boy made good: bumble beginnings in Manchester, compounded hy childhood TB, offered an unpromising start, but once his foot was on the business ladder he climbed fast – and would have done so in politics too, except that he chose the Liberals. Two unsuccessful efforts as a parliamentary candldata inclined him to accept a head-hunter's offer in the City; in two years he had launched Pentos.

Daring and finesse helped Pentos's success but there were ups and downs, the latter mainly associated witb recessions. Pentos evnlved from an eclectic bolding company into a specialist retailer, with Dillons Bookstores as its jewel. The growth of Dillons from a single university hookshop to a highly visible nationwide chain was spectacular. In much of this there was high skill on Maher's part, especially in brilliant marketing and some novelties of financial management, justifying his colourful reputation.

Experience has given Maher a aharp eye. Many will applsud his comments about the unhelpfulness of hanks, City ahort-termism, inflated commercial rent levels, and the fact that too much money channels into pension funds, starving smaller companies of investment.

The debit side brings more recent events into focus. In September last year Maher was forced out of Pentos with a handshake of £392,000. The recession had hit Pentos hard, and although Maher thought the company was roughly at break-even point ("accounting," he wistfully remarks, "is not an exact science") his colleagues on the board reckoned otherwise: Pentos was facing a £70m loss.

Maher had over-reached. Dillons' expansion went too far and fast in a race for market share against W.H. Smiths-Waterstones. The fate of overblown companies – dismemberment and dispersal – threatens Maher's life-work.

The story Maher tells is austerely a husiness autobiography – there is barely anything of his personal lifa in it – and although its aim is to vindicate the Maher side of the Pentos saga, lt is agreeably less vaunting in one direction, and less bitter in tha other, than it might be. After all, there are Shakespearean alements here: ambition, success, hubris, betrayal hy friends, failure.

Others can judge Maher's business adventures, hut a book reviewer must be forgiven for concentrating on what he takes to be the largest item in the debit column: Maher's attack on tha Nat Book Agreement, the arrangement by which booksellers charge no less than the publisher's cover price.

Some markets benefit from constraint, and some are better without. In Maher's opinion the book trade falls into the second category. "The NBA," he argues, "prevents us from exploiting the full potential from expanding book sales; has kapt book prices unnecessarily high; and has propped up inefficiencies in the book trade." He wants to pile 'em high, as the phrase has lt, and sell 'em cheap.

Defenders argue that if the NBA goes, price-cutting retail superstores of the kind lnvented by Maher will undercut small bookshops. The range of books will narrow into the bonkbuster and cookery parts of the spectrum, and there will be fewer titles ("a good thing," Maher opines). Small publisbers and small-circulation, specialist, literary and recondite books will be squeezed to vanishing.

The NBA maximises choice by maximising the number of books, puhlisbers and hook sbops available, which is why almost all authors, publishers, booksellers and – when informed – readers agree with the 1964 decision of a restrictive practices court that the NBA serves tha public interest. If it goes, impoverishment of the book world will result, and not even the superstores will benefit for long.

The French abandoned their version of the NBA in 1979, only to restore it in 1981, aghast at the effects. In the US there is no NBA, with stark results: only big second-hand city shops give genuine range, while unlversity bookstores are echoing halls stacked with teetering pilea of pre-ordered texthooks. Thirty per cent fawer hooks are published in the US annually than in the UK, in spite of its vastly larger domestic market; and the UK exports more.

To their immense credit W.H. Smiths-Waterstones supports the NBA because it recognises that it keeps diversity in books and bookselling alive. But Maher, alas, might have done enough to take the book world down with him in his own plunge from the heights.

AGAINST MY BETTER JUDGEMENT
by Terry Maher
Sinclair-Stevenson
£15. 222 pages

Flashes of sunlight from America's finest novelist

J.D.F. Jones reviews Saul Bellow's non-fiction work

We can take it, l assume, tbat Saul Bellow is the finest living American novelist. (A colleague has just said to me, "I simply can't read him". Fair enough. We can agree, nevertheless, that Saul Bellow is the finest living American novelist.) He's getting old, of course, and there's a whiff of farewell in this – first – collection of bis non-fiction writing.

The selection of pieces in *It All Adds Up*, which their begetter says is "not a reliquary hut a gathering" of "the trifles I wrote to support myself", is rather odd. Why, for instance, has he chosen to start with what are surely the less impressive essays? We have a chat about Mozart, some memories of Chicago in the Roosevelt era, a few thoughts about Khruschev in New York, a recollection of Paris in 1948, a portrait of an elderly Mid-West con-man, an interview with himself (never a good idea), the necessarily high-minded Nobel Prize lecture of 1976, and some more memories of pre-war Chicago, including the surprising news that Bellow was in Taxco wben Trotsky was assassinated, with an appointment to see him the next day, instead of which be went to see the bloodied body. I was beginning to think my colleague might be right about the *non*-fictinn.

Then, suddenly, the sun breaks through with the Jefferson Lectures of 1977, and all is well. Here the comhination of memory and reflection works triumphantly. Like this, for example: "On winter afternoons when the soil was frozen to a depth nf five feet and the Chicago cold seemed to have tbe headhunter's power of shrinking your face, you felt in tbe salt-whitened streets and amid the spattered car bodies tbe cbaracteristic mixture of tedium and excitement, of narrowness of life together with a strong intimation of scope, a simultaneous expansion and constriction in the snul, a clumsy sense of inadequacy, poverty of means, desperate limitation, and, at tbe same time, a craving for more, which demanded that 'impractical' measures be taken. There was literally nothing to he done ahout this...Tbe only remedy for lt was to read and write stories and novels..."

From which it is a sbort step to Bellow's couclusions about the role of the writer and artist in America today, where the degradation of modern urban society, the abasement of man, is the price paid for the economic and technical success story of the century. On the way we get a glancing rebuttal of Hemingway and what John Berryman called his 'moral vacancy' – "Hemingway's dignity in the face of nothingness is not a negligible conception... But 'moral vacancy' is nihilism, and nihilism acknowledges the victory of the bourgeois outlook...Other responses may be possible."

Bellow goes on: "There is no human life witbout the attachments that we express in words like 'good', 'moral', 'just', 'beautiful'. The restoration of these connections is to be undertaken only out of the soul's recognitlon of tbeir necessity...It will begin wben the intellect confirms what the soul desires..." There speaks the creator of Herzog, Henderson, Mr Sammler and the rest.

Now at last we get Bellow the reporter and traveller. Spain in 1948 wbere he witnessed a political trial, Paris (and Hemingway again – "Hemingway tbe writer I admired without limits; Hemingway the *figure* was to my mind tbe quintessential tourist"), the Six-Day War, Vermont and Illinois, obituaries of friends such as John Cheever.

And finally, a good and long interview from *Bostonia* magazine in 1990, full of fascinating autohiographical revelation and quick, flashing insights, as Bellow the young Marxist begins to see his life as "a process of revision, of the correction of errors" – a process, he assures us in the preface, which is still going on. This interview serves to draw proper attention to the importance of *The Adventures of Augie Marsh*, and Bellow's discovery that it was necessary to move on from the English mandarin model – "I wanted to invent a new sort of American sentence. Somathing like a fusion of colloquialism and elegance... Street language comhined with high style".

There is nothing in this volume to convey to the stranger, or the sceptical colleague, the magnificence of Bellow tbe Novelist's portrait gallery of characters, but for the initiate it will be a necessary addition to the bookshelf.

IT ALL ADDS UP
by Saul Bellow
Secker & Warburg
£20, 327 pages

Tennessee Williams in a languid mood on the beach in Positano: from 'Visual Journeys', a celebration of the life and work of photographer and traveller Roloff Beny (Thames and Hudson £30, 255 pages). Beny, e flamboyant Canadian, photographed landscapes, architecture and antiquities all over the world. He also candidly captured public figures – including Laurence Olivier, the Duke of Windsor and Jean Cocteau – in private moments.

Poetry

Family epic

In this volume Craig Raine transforms within his three-line stanzas scenes of modern life – at its most public as well as its most private – which may at first alght seem among the most grittily anti-poetic material of the 20th century.

In wbat his publisbers describe as "an epic history of Europe from 1905 to 1984," milestones of history running through geography from Moscow to Oxford by way of Berlin, mark the convarging relationships between the families of two poets – the Russian Pasternaks and the English Raines. Their private – often very private – histories are conveyed in scenes dramatised – or should I say "turned into home movies" – at points where these overlap with historic events; the first world war, the post-war era, the Russian Revolution, the second world war.

Craig Raine seems to have a setter's instinct for discovering points at which the puhlic events in puhlic lives strike home into the private lives of contemporaries and become elements in a mythology of modern history. These occasions of public historic significance are hrilliantly selected by Raine and they retain the immediacy - indeed the intimacy - of the moment. Here is the artist Leonid Pasternak, father of the poet Boris Pasternak, drawing Lenin as Lenin addresses a meeting – 1919 The Comintern, Moscow:

"How Leonid's pencil hovers
and settles and hovers again,
until slowly the head,
seeps out of the paper
bearded, bald as an acorn,
chin strained out like o
sprinter,
Touching, then taking off
until V.I. Lenin is there
and there on the page,
brass-rubbed rather than
drawn.

At first, tha accumulation of such precisely drawn observations may seem too crammed with facts, too grittily resistant to any escape into the purely poetic. But reading on, one realises that these are tha details of a mosaic, the cumulative effect of which adds up to a large scale picture of the two families concerned – and of other characters – against tha geographical and historical background of Europe in this century.

An epic is supposed to have a hero but the chief character here, Eliot Raine, a doctor, interesting as he is, and masterly as is Raine's translation of his medical skills into his poetic tarminology, scarcely strikes me as being on the heroic scale. Indeed a lesser, rather inexplicable character called Roniger, who makes an adventurous and largely disastrous journey from East to West and ends up dying in Oxford, seems to me to have more the makings of a hero than any of the Pasternaks or the Raines.

The poem does not quite establish members of these two families as being on the epic scale. If Pasternak is accepted as such this is perhaps because literary history bas already perceived him as such. Yet out of this highly personal material. Raine creates a fascinating world that I feel I will return to again and again.

Stephen Spender

HISTORY: THE HOME MOVIE
by Craig Raine
Penguin, £9.99 paperback, £18 hdbk

Fiction / **Joan Smith**

Killers with literary aspirations

The serial killer is rapidly becoming a new folk hero, a debased Rohin Hood for tbe fin-de-siècle. Popular culture got tbere first, witb the American thriller writer Thnmas Harris cleverly explniting the notion that it takes one evil genius to catch annther.

The serial killer has entered the echelnns of literary fiction, popping up in Peter Ackroyd's novel, *Dan Leno and the Limehouse Golem*, and more unexpectedly in *Felicia's Journey* by William Trevor.

Ackroyd's stnry is a deliberate sbocker, as vulgar as the Victnrian music hells which he evokes with apparently effortless skill.

Trevor's offering is shabby genteel, set in a contemporary Britain which eludes him so completely that the novel seems to be composed only in shades of grey.

Felicia is a typical Trevnr creation, a naive Irish girl whose credulity tries the reader's patience. Trapped in a honsehnld which is itself mired in the past, embodied by a hed-ridden greatgrandmother. Felicia runs away to the English midlands ln search of a man who has made her pregnant. All sbe knows is his name, Johnny Lysaght, and bis claim that he works in a lawnmnwer factory.

Felicia's story is interwoven with that of Mr Hilditch, an obese catering manager wbn lives alone in his dead mother's bouse. Mr Hilditch, whose appearances in the novel are marked hy lists of food, is an undetected serial killer whose victims also come in lists: Beth, Jakki, Sharon, Bohhi, Elsie and Gaye. Mr Hilditch fixes on the destitute and desperate Felicia as his next victim.

What is so troubling abont *Felicia's Journey* is nnt the banality of its characters; serial killers often lead nnhappy hut otherwise unremarkahle lives, as do their victims. Its fault is transparency, a painful sense of the novelist's imagination at work, struggling to convey characters whose feelings elude him. Hence the lists, a device which seems intended to reveal personality but in the end substitutes for lt.

Trevor's fiction has increasingly moved in this direction, possihly because the products of his imagination belong in the past and cannot comfortably inhahit contemporary life. His fey Irish heroines are decades out of date and in Felicia's Journey he falls back on repeating himself, introducing a sub-plot and a set of minor characters uncomfortably similar to those in his 1971 novel *Miss Gomez and the Brethren*.

Where *Felicia's Journey* leaves an impression of surfaces haraly touched, Peter Ackroyd's new novel is a pyrotechnic display which delights in tricking the reader into conflicting emotional responses.

Its apparently sombre opening, the hanging in Camberwell prison ln 1881 of a woman convicted of her husband's murder, is immediately undercut hy a macabre, pantomime detail: the prison governor takes home the dead woman's gown and dresses up in it, presumably to aid masturbation.

Ackroyd's plot centres on a series of hizarre and hrutal murders in the East End of London, culminating in the slaughter of a family in the Ratcliffe Highway. These final murders take place in the very house where, in 1812, the real-life Marr family was attacked and killed. Ackroyd's sly mixing of fact and fiction has an extra dimension if the reader knows that the Ratcliffe Highway murders were the subject of a true crima book co-anthored by the nnvalist P D James.

Ackroyd's novel la brllliantly ventriloqnial, taking the form of diaries, cnnrt transcripts and fragments of antobiography. It is a performance in the best sense of the word, an imagination so excited by its own confidence that it dares go to the very limits. Ackroyd also understands a crucial point about the serial killer in fiction, which is that in this genre Grand Guignol wnrks better than gritty realism. *Dan Leno and the Limehouse Golem* pokes fun at the stuffier conventinns of the crime novel and creates a murdarer as mad, and bad, and as unlike real life, as Harris's Hannibal Lecter.

DAN LENO AND THE LIMEHOUSE GOLEM
by Peter Ackroyd
Sinclair-Stevenson
£14.99, 282 pages

FELICIA'S JOURNEY
by William Trevor
Viking
£15, 213 pages

The view from Macclesfield: Brian Redhead, Englishman and regionalist

The badger in his sett

Malcolm Rutherford reviews the writings of Brian Redhead

Brian Redhead may have been a radical broadcaster; he was a very conservative man. For long the unmistakable anchor of the BBC Radin 4 programme *Today*, be belped to lnstil hadgering as an accepted way of asking questions. Yet, as badgers go, be was a friendly beast and, as we now discover, he put a lot of his thoughts on paper.

Redhead died early this year. Instead of a formal hiography, his family has put together a series of articles which he produced over the last decade for the ralatively ohscure magazine, *Saga*, a monthly for elderly people.

One point about him in *Personol Perspectives* comea out immediately: his Englishness, and the regionalness within lt. "We are a mixed lot," he wrote, "Celts, Romans, Saxons, Danes, who have managed to get along over the centuries. When tbe Normans came, imagining that they had conquared, they were simply absorbed." And again, in a perceptiva remark, "history is wbat people make of their geography".

Redhead was fascinated by everything to do with English history: to some extent the more remote the better. Ha has a charmingly erudite piece on whether or not his adopted home of Macclesfield was part of Mercia, in other words, which came first, Mercia or Macclesfield?

He was equally at home in the 19th century partly because it brought the development of the railways. If you want an account of how the president of the board of trade, William Huskisson, was killed while npening tha Liverpool-Manchester line in 1830, here is a source. On the other hand, even Redhead was not quite sure of tha first genuine passenger line: Stockton-Darlington or Merseyside? Passengers from Stockton, he thinks, were initially drawn by horses.

Redhead liked Crewe Junction, where at one stage you could get a train to every part of tha kingdom. Some of his best stories were told on the rails. On the way to Macclesfield he gave a young man the history of Cheshire which ultimately – because of the county's salt deposits – led to the founding of ICI. Tbe man turned out to be an ICI recruit.

Why Redhead forsook his native north east, where as he describes, he had an excellent education at Newcastle Royal Grammar School and was put on the fast track to read history at Cambridge, for the north west is naver fully explained.

Yet it was the north west that held him. In terms of journalism Manchester was, in Redhead's words, "for 90 years the other end of Fleet Street". He liked the cheeky northern editors who could tell the London men where to get nff and what was front page news in the real world.

So it remained on the *Today* programma. Redhead never really liked the south. Abroad, even Scotland, was foreign to him, though he did go to Beijing and hired a blcycle and was much taken by Virginia in the US.

Possibly some of that plain hlunt man stuff was affectation. At times be could be a trifle pompous: "I received a letter from a friend who is a historian at Oxford. His father was a historian at Cambridge and taught ma". It contained some esoteric fact about the monarchy which Redhead did not know: "So I instantly informed the nation".

Yat he could also be humhle, as when he recalls Mark Twain's remark on April Fool's Day: "This is tbe day upon which we ara reminded of what we are on the other 364." Here is a delightful collection of essays.

PERSONAL PERSPECTIVES
by Brian Redhead
Andre Deutsch
£14.99, 244 pages

TRAVEL

A land of cottages, peat smoke and pubs

***Adrian Gardiner** travels from the east coast of Ulster to the west coast of the Irish Republic. Destination: Holy Mountain*

Even before the IRA's ceasefire, the "troubles" in Northern Irelaod should not have deterred visitors. The strife was about money, about discrimination and relative standards of living. Political mistakes have baen made in Ireland since Tudor times and the British taxpayer is still footing the bill.

Statistically, the tourist is less at risk in Ulster than in New York or South America, though some find the rampant jingoism unacceptahle. Leaving Newry, we skirted beautiful Carlingford Loch to Annalong, where sections of the pavement are painted unionist red, white and hlue. In the next town along the coast a banner proclaimed: "Kilkeel says No!" presumably to the Anglo-Irish agreement. Farther on, a roadsign pleaded: "Our only crime is loyalty."

In contrast is the legendary friendliness of Ulster's people and the wonderfully picturesque land and seascapes. The Mountains of Mourne really do sweep down to the sea, which washes over miles of deserted white sands.

Newcastle, the chief coastal resort, was anything but deserted. An hour's drive from Belfast, it is popular day-trip territory and the main street has more fast-food outlets to the mile than any town in Britain except Blackpool. As dusk falls, a riot of neon advertises pizza, kehahs, fried chicken and every other kind of carry-out devised. Amid the sleaze, one elegant and sophisticated beacon shines out: a restaurant called the Percy French.

William Percy French led an extraordinary life. He was born in Roscommon in 1854 and went to Trinity College, Dublin, to study engineering, but spent most of his time learning to paint and play the banjo. For a while he was inspector of drains in Cavan and in his spare time wrote songs – *The Mountains of Mourne* is the best known – which made money which he invested in a distillery.

It went bankrupt. He lost his joh with the Board of Works, went to Dublin and became editor of the *Jarvey*, the Irish *Punch*. When that folded he wrote the first successful Irish musical, *The Knight of the Road*. His wife died in childbirth on their first wedding anniversary and French moved to London where he became established as a music hall entertainer, touring America and satisfying the thirst for Irish pop culture.

He died in 1920, just as the era of the music hall was ending – and Ireland was dividing – and is best remembered as the man who, in the words of one biographer, "captured the Irish spirit better than anyone of his time".

The Mournes are granite. Slieve Donard offers great panoramas: the Isle of Man is clearly visible. Wedged into these hills, the Silent Valley holds Belfast's water supply. Three feet wide, 8ft high, 22 miles long and connecting 15 mountain summits, the Mourne Wall protects the catchment area. No farming or habitation is allowed within its boundary. It is great walking country, and still relatively undiscovered.

We left the Mournes, my wild rose and I, and journeyed west across the Republic in search of the Holy Mountain. Middle Ireland is little-visited by tourists, but the clear lakes and tumbling streams of County Cavan are an angler's paradise. We passed the town of Cavan, where Percy French's house is now open to the public, and travelled the roads French travelled, easel undar his arm, for he loved this scenery, "uniqne in its combination of sun-stricken mist, brown bogland and green pasturage, solitary trees and far-off visionary mountains".

Rural Ireland is still a land that time forgot, a land of tumble-down cottages, donkey carts and peat smoke, of pubs where the choice is Guinness or Guinness.

At Carrick we were back briefly in the 20th century. Wine bars and bistros jostle with chandlers and marine engineers, for here the broad Shannon attracts people who like to mess about in boats.

We continued west towards Atlantic shores, through the Ox Mountains on lonely roads, tha landscape becoming increasingly wild. The northern edge of County Mayo is the Barony of Erris and part of the Gaeltach, the Irish-speaking fringe which runs down the west coast from Donegal to County Cork.

Always there is restless sea and changing light. Along the northern headlands of Erris, the Atlantic, untamed for 3,000 miles, crashes in on the 1,000ft cliffs of Glinsk and Benwee Head. Gulls circled far below us. Small wonder that several ships of the Spanish Armada lie beneath these waves.

Halfway down the Mullet peninsula we turned for the ruins of Cross Abbey and its dramatic hillside of Celtic crosses. Far out to sea was the island of Inishglora where the Swan Children of Lyr served out the last third of their 900-year curse. (The wicked stepmother story is familiar to Irish children.)

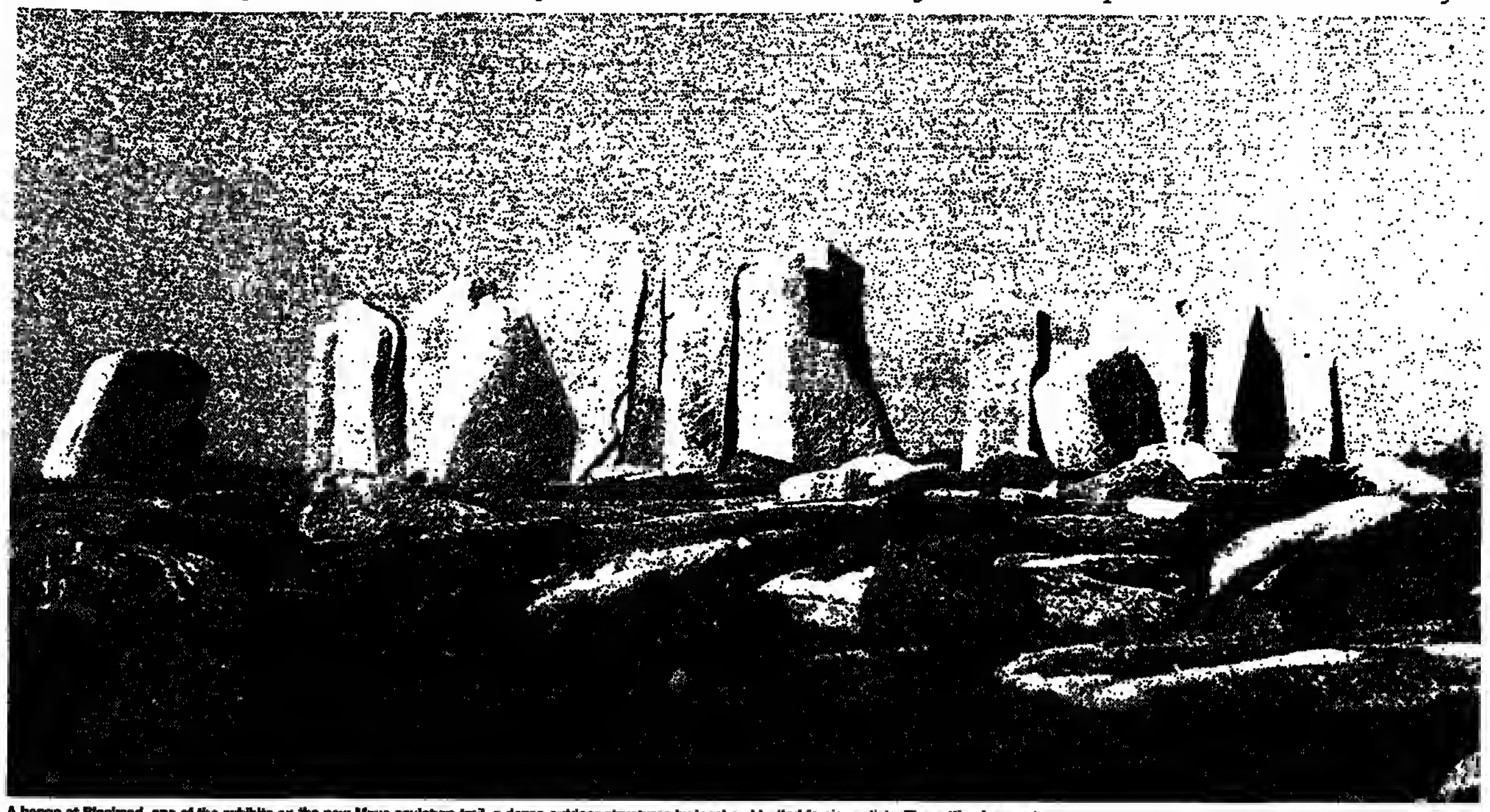
From Blacksod Point, most sontherly on the Mullet, the twin peaks of Achill Island lie just four miles south, though it takes two hours by road to get there. Abova Blacksod on the headland is a henge of standing stones erected last year as an exhibit on the Mayo sculpture trail: a dozen outdoor structures hy local and invited foreign artists. The setting is superb. South of Achill is Westport, a Georgian town of wood-panelled pubs and smart craft and jewellery shops, while nearby Westport House is one of Ireland's best-known stately homes. Down the hill is Westport Harbour, a cluster of authentic fishing taverns, and a few miles west is our "far-off visionary mountain": the 2,500ft sheer cone of Croagh Patrick, the Holy Mountain.

St Patrick, fresh from driving the snakes out of Ireland, fasted here one Lent; every year on the last Sunday in July 60,000 pilgrims follow in his footsteps to the top. You bave to be dedicated because the patb becomes increasingly steep and is composed of rounded pehhles.

Two hours later and 300 yards from the summit I nearly gave up. I was glad I did not. No superlatives could describe the view as half of the Emerald Isle unfolded beneath our feet. To the north is Achill's brooding hulk shrouded in aureoles of mist. To the soutb: tbe Maamturk Mountains of Connemara. Below: the thousand islands of Clew Bay, described by Thackeray as like "so many dolphins and whales basking".

Out in the Atlaotic, the sun began to set hebind Clare Island, wbere the 16th-century pirate queen Grace O'Malley built her castle. Perhaps Grace was the first Irish rebel, for when she was captured and brought before Elizabeth I she insisted on equal status as Queen of Ireland. It was during Elizabeth's reign that the seeds of the present trouhles were sown. But from the holy heights of Croagh Patrick, Belfast and bombs seem to beloog to a different world.

■ *We sailed from Stranraer to Belfast on the Seacat, a state-of-the-art catamaran which does twice the speed of conventional ferries. It does not carry freight, so loading ond unloading is rapid. Sealink operate ferries from Holyhead (Anglesey) to Dun Laoghaire (near Dublin). Contact o travel agent or book the Seocot direct: tel: 0232-310910. The Northern Ireland Tourist Board is at 11 Berkeley St, London W1X 5AD. The Bord Failte Eireann is ot Baggot St Bridge, Dublin 2.*



A henge at Blacksod, one of the exhibits on the new Mayo sculpture trail, a dozen outdoor structures by local and invited foreign artists. The setting is superb.

Practical Traveller

Chasing a tail shot

The first sight whale-watchers have of their quarry is likely to be the mixture of carbon dioxide and water the whales huff into the air through their hlowholes. Boatmen should cry "Thar she blows!" What the ones at Kaikoura, in New Zealand, actually say is: "Get your cameras ready for tail shots, folks!"

Sure enough, once refreshed, the great sperm whales lift their tails slowly into the air against a background of snow-capped coastal mountains, and silently vanish underwater while 100 shutters click. When they resurface, more tourist boats, alerted by underwater sonar gear, will be waiting.

Whale-watching has hurgeoned in the last decade. You can visit feeding, breeding and migrating grounds round the world on small local fishing hoats, or lengthy scientific research cruises led hy qualified naturalists.

Though people join in for much the same reason they go on safari, whales evoke a visceral awe which not even lions can produce: whales are *big*. But the sea is so wide thst you do not feel you are getting in tbe way.

Off the British coast, there are trips run by Sea Life Surveys from the Isle of Mull (tel: 06-884 223), from April to October. You can have four hours for £26, seven days for £470, or a variety of excursions in between. The most likely sightings are small – 25ft minke whales, target of Norwegian harpoonists, bot orcas ("killer whales") and dolphins can also be spotted.

Coastal New England was among the first regions to turn from catching to watching. Off Cape Cod, for instance, you can see humpbacks, right whales (so called because, swimming slowly, they were the right whales to hunt), finbacks, minkes and sei whales.

They eat enough from April to October to fill them for the rest of the year, which they sensibly spend io the Caribbean. Whale Watcher of Provincetown (tel: 506-362 6088) is among the many organisations to run day trips: 3½ hours for $22. In Boston, call New England Aquarium for details of trips (617-973 5277).

Off the US West Coast, grey whales migrata south from Alaska to Baja California from December to March, and back again until May. Monterey Sport Fishing (tel: 408-372 2203) of Monterey Bay offers two-hour trips for $15 until March, on which you may see as many as 60 sailing by.

From July to October, longer trips ($30) go further out to watch bumpback, hlue and minke whales which summer there, though not as many as the greys. Similar trips are available from San Diego; try Mariposa (tel: 619-542 0646).

Those who want to become more deeply involved could try Monterey Bay Whale Watch (tel: 408-372 0671). For $43 from June to November you can go on six-hour cruises helping to identify humpbacks' migratory patterns. Oceanic Society Expeditions of San Francisco (tel: 415-474 3785) offers everything from winter half-day trips to see the greys to 12-day cruises in March.

Most far-flung of all is Kaikoura. A cold current meets a warm one, attracting food (squid, mostly), so male sperm whales are here all the time and trips run year-round unless bad weather stops them. Summer and autumn mornings are best. Whale Watch Kaikoura (tel: 03-195 045) trips leave from the Whaleway station and cost NZ$95. Expect to see up to five whales in a 2¼-hour trip five miles offshore; the guides know most of them hy name.

There are other places to look at whales: Dingle in the Irish Repnhlic; the Azores; Maui in Hawaii; Vancouver Island in Canada; Anchorage in Alaska; Perth and south-east Australia; Peninsula Valdés in Argentina; Samana in the Dominican Republic; and many more.

It is also possihle to book from Britain. Twickers World (tel: 081-892 8164), for instance, offsrs 10-day packages to Mexico, including aight days afloat, from £2,200.

With minimal regulation, whale-watching is ecologically sound: once whales generate more money being watched than killed, they will live longer, possibly for ever.

John Westbrooke

SPORT

The Olympic movement is poised for profound changes. Last week the International Olympic Committee held its centenary congress in Peris. The constitutionel changes and elections that took place give some clues to the future of the IOC.

President Juan Antonio Samaranch stands down in 1997. The succession may well have been settled by the voting last week in the hotels of la Defense.

Primo Nebiolo had, on the face of it, a good week. The widely-feared emperor of track and field, officially described as President of the International Amateur Athletic Federation, saw the rules change to his benefit and the IOC admit a new cadre of potential supporters. Making all members, elected or appointed, eligible for every office gives an opportunity to the Monte Carlo-based *capo* to stand for the top job three years from now. Bringing 10 presidents from international sports federations on to the IOC gives Nebiolo an additional voting bloc.

Samaranch is 74, three years older than the Italian. He will almost certainly leeve it to ASOIF, the association of 27 summer Olympic sports, to choose the nominees. Nebiolo, also President of ASOIF, has controlled this organisation ruthlessly for a decade. His power is both patronage and the allocation to individual sports of millions of dollars in revenues trickling down from Olympic beadquarters in Lausanne.

"Primo will do anything to ensure that these men owe their place on the IOC to him and no other factor," said one administrator who has known Nebiolo for 20 years. "When he gets them the job he'll give them the speech. 'I want one thing in return, my dear friend, your total loyalty. When I come to you in need, then you must help me.'"

Those two phrases, "my dear friend" and "help me", uttered in an accent horribly reminiscent of Marlon Brando in *The Godfather*, chill anyone who has had dealings with Nebiolo. In the 1987 Rome scandal over the cheating Italian long-jumper Giovanni Evangalista, Nebiolo was able to draw on the support of three IAAF council members who owed their President everything.

"He has an executive council of trembling puppets. He is a powerful man who gets his own way, superficially similar to Samaranch, so it is natural for Nebiolo to see himself as a logical successor," said the source.

Within the world of Grand Prix athletics, Nebiolo is acknowledged as having been an effective bulldozer, changing a landscape ripe for redevelopment.

"As president of the IAAF he has been a fresh wind. Primo has consistently removed or surmounted many barriers. A considerate manager, a gentleman, would not have managed it," said Res Brügger, organiser of the Zurich Grand Prix meeting, in a recent interview with *Sportinformationsdienst*.

Yet comparisons with Samaranch, unparalleled moderniser of the Olympic movement, are misleading. "Measured against Samaranch, be is completely unsuited to be President," the source said. "Primo's motives are totally selfish and self-seeking. Samaranch may occasionally sup with the devil but always for the good of the cause."

The British have always been Nebiolo's particular phobia. Whether it is their peculiar insistence on rules and transparent administration or individual frictions (IOC member Princess Anne treated him with Arctic disdain), his instinct for deals has repeatedly clashed with London's world view. Nebiolo was in a carpet-biting rage over the British Athletic Federation's decision not to withdraw its women's team from this weekend's World Cup after the positive (IAAF-administered) drug test on 800m runner Diane Modahl.

When the IOC in Peris elected Craig Reedie, chairman of the British Olympic Association, to one of 12 new seats on the committee they may have been bestowing more than an individual honour. If anyone has the instincts to fight the tendencies Nebiolo represents, then it would be Reedie.

"He is one of the very few men who has always been firm with Nebiolo and stood his ground whatever the pressure," said John Holt, a former secretary of the IAAF who worked with Reedie on Manchester's bid for the 2000 Olympics.

Reedie, a former president of the badminton federation, works as a director of a Glasgow pensions company. He is the kind of Scotsman who would have held out his fare as he stepped on to the Glasgow tram. Also with Reedie in the new IOC intake are Gerhard Heiberg of Norway, Arne Ljungqulst of Sweden and Alex Gilady, an Israeli who, when he lived in the US, was a vice-president of NBC television.

Since the mid-1980s it has been received wisdom among the savants of the Olympic movement that this was an era dominated by Latin and Hispanic interests. Barcelona received the 1992 Games from Samaranch (a Spaniard). Mario Vasquez Rana (the Mexican IOC member) rose rapidly to huge influence with southern bemisphere members. Primo Nebiolo built his long march on the careful cultivation of personal contacts with Latin American and African sports administrators. The arrogant, corinthian, Anglo-Saxon, attitudes of Averey Brundage and Lord Exeter seemed to have been consigned to a quasi-colonial past.

Yet no political situation or movement is ever static. Richard Pound, the Toronto lawyer who is the most powerful member of the IOC after Samaranch, and Dick Gosper, the Australian vice-president who has just retired after e glittering career with Shell, now heve powerful newly-elected allies who are likely to see the world more from their perspective than Nebiolo's.

The next two Olympics, Atlanta in 1996 and Sydney in 2000, are both in venues which, although famously multi-cultural, possess predominantly Anglo-Saxon business cultures. Although the media largely greeted the Paris changes as an open door for Nebiolo, it may prove to be one which slams in his face.

Sport Politics

The emperor climbs towards Olympus

Keith Wheatley looks at the growing power of Primo Nebiolo

Tennis/**John Barrett**

Grand carnage

Tomorrow's men's singles final of the 114th US Championships at the National Tennis Centre, Flushing Meadows, will produce a new champion. That much, at least, is certain at the end of a fortnight when upsets have abounded. Who we shall he hailing as he holds aloft the famous silver cup and pockets a cheqne worth $550,000 is difficult to predict.

In today's semi-finals, the 1991 Wimbledon champion, Michael Stich of Germany, seeded No 4, will play unseeded Karel Novacek of the Czech Republic, ranked 56, in the top half. In the lower half, Andre Agassi, unseeded for the first time since 1987, will play fellow American Todd Martin, seeded No 9.

When Jaime Yzaga beat Pete Sampras, the defending champion, on Tuesday it meant that for the first time since tennis went open in 1968, only three of the seeds had reached the quarter-finals: Stich, Martin, and the left-handed Austrian, Thomas Muster (13). Once again, the growing depth in the men's game was apparent.

The carnage had begun eerly. Wimhledon finalist Goran Ivanisevic (2) fell at the first hurdle to the German giant Markus Zoecke whose serve is nearly as big as his own. "Maybe it'e a brain injury. As soon as I come here it is finished. It's not a problem with New York, it's a problem with me," said Ivanisevic.

Boris Becker (7), also lost in the first round, beaten hy America's Richey Reneberg. The 1989 champion was disappointed. "I thought I had a good chance," said Becker. "But it was extremely slow this year – both the court and the heavier, softer balls." Almost as slow as Becker himself, one might have added.

Another former US Open winner, fifth seeded Stefan Edberg (1991, 1992), fell in the third round to fellow Swede and frequent practice partner, Jonas Bjorkman. The match was played at night in the same cold, windy conditions that had prevailed wben Edberg lost unexpectedly to Aaron Krickstein in 1988. Thus, for the first year since 1986, Edberg has failed to reach a Grand Slam final. He was the victim of his own frailty on serve and an inspired piece of attacking play from Bjorkman who had given notice of his advance hy beating French Open champion Sergi Bruguera two weeks ago in Schenectady. "This is a much bigger win for me because it is centre court and a Grand Slam ... and also Stefan," said Bjorkman.

Bruguera had performed well until he was hammered into submission by Muster in the fourth round.

Michael Chang, the sixth seed, believes that he is at his best on the surface. He proved it, too, in one of the best matches of the tournament when he faced Agassi in the fourth round. It was a full-hlooded contest. The quality of shot-making from both men was remarkahle, the result a tonic for a sport that badly needs the survival of characters like Agassi.

If, at times, Agassi's sinister hlack cap, black, white and blue striped shirt, plus black socks and shoes, makes him look more like Darth Vader than a tennis player as he darts about firing bullets from his light-sabre of a racket, one can still admire his astonishing timing and his courage in going for his shots.

Whether Martin will be cast in the role of Luke Skywalker this afternoon remains to be seen. Certeinly the tall, upright, all-American boy has done well to survive after saving three match points against Guillaume Raoux of France in the first round. He is carrying a groin injury that inhibits his movement and is playing well below the form that took him to the final of the Australian Open in January and enabled him to reach the semi-finals at Wimbledon. Yet he will start as favourite. Martin has won three of bis five matches against Agassi.

Of the lower seeds, only Yevgeny Kafelnikov, a 20-year-old Russian, did himself justice. He had not dropped a set on his way to a fourth round match against Stich hut seemed nonplussed hy the ferocity of Stich's ettack and relative freedom from error. Stich engineered a 7-6 6-3 6-2 win that he badly needed after losing in the first round of the Australian Open and Wimbledon and the second round in Paris.

If he is to re-establish himself in time to lead Germany to success in the Davis Cup, as he did last year, Stich really needs to win this title. Otherwise his confidence, and his ranking will continue to slide.

Baseball/**Frank McGurty**

Fall in a minor key

For this baseball fan, the season hegan with all the promise of a sunny April afternoon. On opening day et Yankee Stadium, the home team put on e display that signalled a year filled with tantalising possibilities.

Four months later, my summer ended on an ambivalent note, far away from the top tier of the professional ranks, where play has been brought to a halt hy a player strike. At Skylands Park, 65 miles west of New York city, the New Jersey Cardinals were showcasing the scrappy hrand of baseball which attracted thousands of new fans to "minor league" ballparks this year.

This year was marked by a rebirth of sorts for the minor leagues, where small-town clubs such as New Jersey helped fill the void left by the strike for millions of disenfranchised fans.

The walkont – which involves players on the 28 teams which comprise the American and National leagues – is in its fifth week. It has forced the cancellation of hundreds of games. With only 23 days left in the regular schedule, there is no agreement in sight.

The cessation of play could not have come at a worse time. Even if a settlement is forthcoming, the strike has already spoiled a season in which some of baseball's hallowed individual records were threatened for the first time in decades.

The strike proved to be a windfall for the 200 or so minor league teams which play in the relative obscurity of small cities and towns across the US and Canada.

The main purpose of these "farm" teams – most of which are independently owned – is to cultivate young talent for the major leagues. In exchange for an operating subsidy, each club fields players who can be moved around the parent club's organisation at any time.

This year, the minor leagues carried their role to its logical conclusion. The strike forced television networks that feature baseball as their programming mainstay to turn in desperation to the farm system.

ESPN, the 24-hour sports channel, twice called on the Birmingham Barons of the double-A (triple-A is the highest minor league level) Southern League to fill embarrassing holes in its schedule. Why the Barons? Its left-fielder happens to be a former profeseional hasketballer hy the name of Michael Jordan.

Jordan's decision to try his hand at baseball this spring, hrought a wave of welcome publicity to the minors, but he deserves only a small part of the credit for the farm system's season in the sun. After a long decline which began in the 1960s, minor-league teams have been enjoying a steady resurgence in popularity over the last few seasons.

In 1993, total attendance at minor-league games reached 32m, up from 10m in the 1960s, wben television introduced major-league action to the hinterlands. Today, new minor-league ball parks such as Skylands are springing up across the country, as local and state governments trip over one another to entice franchises to their areas.

The reasons behind this resurgence are complex. In part, the farm teams have benefited from a disenchantment with big league baseball which has been bubbling just below the surface for years. The strike has further sullied the image of a sport in which the median player salary is $500,000 (£322,600) and billionaire owners are suspected of cooking their books to show operational losses.

As a consequence, young farm hands – who earn $1,400 a month plus $18 a day in meal money – seem more like the idealised "boys of summer" than their big-league counterparts. Most minor leaguers support the strike and, to a man, hope one day to make it to "The Show". Bnt in the friendly confines of a small stadium like Skylands, it is easy to imagine the Cards are playing baseball for the sheer enjoyment of it. At least one very rich Baron is certainly doing just that.

Economics has played a big role, too. Salaries are lower, and so are tickets and refreshments. Families of average means – most of whom now live in the suburbs – can enjoy professional baseball without the expense and inconvenience of travelling to the big city.

At Skylands Park, the family event sphere seemed more like a county fairground than a big-league ball-yard. The good-natured crowd was equally divided between pre-teens – girls as well as boys – and their thirtysomething parents. Beer drinkers were thin on the ground.

The atmosphere contrasted sharply with opening day at Yankee Stadium, where players on the field had to compete for attention witb the numerous brawls which erupted in the grandstands.

Motoring/**Stuart Marshall**

Urbane additions to the market

The competition is going to be red-hot in Britain's luxury car market this autumn. Four new models from Audi, BMW, Jaguar and Land Rover will slug it out witb the well established Mercedes-Benz S-Class and Lexus LS400.

I have driven all the newcomers but cannot yet write ahout the Jaguar and Land Rover – even though security surrounding the latest Jaguar XJ Series and the first completely new Range Rover for 24 years has been less than cast iron. Sneak pictures and descriptions of their features have been appearing in enthusiast magazines for e year or more. But accepting invitations to official launches, which may run for several weeks, means one is honour bound to observe an embargo against publishing before the last of the international motoring writers has flown home.

So, although my lips may be sealed until the end of this month so far as Jaguar and Range Rover are concerned, I will say this. Jaguar already sells twice as many luxury cars in Britain as its nearest rival, BMW. The new XJ models can only put it still further ahead.

I do not go along with Land Rover's claim that the Range Rover is a direct competitor with the likes of the BMW 7-Series, Audi A8, Mercedes-Benz S-Class, Jaguar and Lexus. But if you insist that your luxury car must be eble to ford rivers, cross deserts or climh mountains, even if you have no plans to take it off the tarmac, then the latest Range Rover reigns supreme.

Which leaves us with the new Audi A8 and BMW 7-Series, because both the Mercedes-Benz S-Class and Lexus LS400 heve been around in their present form for some time.

Although the A8 4.2 quattro looks a fairly conventional large saloon car, it is anything bnt. This is because it is made largely from aluminium and weighs around 140kg less than its eheet steel rivals. This, Audi says, makes it more crash-resistant and friendlier to the environment. Fuel consumption is reduced and, at the end of its life, the vehicle will he easier to recycle. Whether this will cut much ice with the customers remains to be seen.

The A8 quattro, priced at £46,699, puts its V8's 300 horsepower on the road through all four wheels via a Tiptronic gearhox which lets e driver choose fully eutomatic transmission or manual gear selection according to mood.

On the German autohahn, the quattro reached its governed 155mph (250kph) maximum in eerie silence and treated curving mountain roads with nimble indifference. It is e brilliant performer – hut, like Lexus, the Audi marque lacks the charisma of BMW, Mercedes-Benz or Jaguar in Britain. Audi hopes to sell up to 500 A8s in 1995 and expects 80 per cent of them will be the cheaper version – £34,499 with front-wheel drive, and 174hp, 2.8-litre, V6-engine. But BMW GB aims to get at least four times that number of customers into its new V8-engined 730 and 740 saloons. They replace an eight-year-old 7-Series which was second best-seller in the luxury market after Jaguar.

Standards in this class are so high that it is difficult to find any fault with cars such as the BMW 730 and 740 (or, for that matter, the Audi A8). It came almost as a relief to note that the 7-Series' screen-wipers were a bit noisy. In any case, most users choose them not for sheer performance (legally unusahle, anyway) or refinement (all are utterly urbane) but for less easily defined qualities such as status and image.

The new BMWs look little different from the old ones and retain the classic rear-wheel drive layout. At £39,800 (the 730) and £46,700 (740), they cost no more if specifications are taken into account.

They cruised in silence equal to the Audi A8 when I tried them some time ago on the autobahn. More recently, they were no less impressive et far lower cruising speeds on UK motorways.

How do the BMWs and Audi A8 rate against the new Jaguar XJ models and the letest luxury Range Rover? All will be revealed at the end of this month.

The Audi A8 4.2 quattro. Innovative high technology, with all-aluminium construction, Tiptronic transmission and four-wheel drive.

Chess No 1038: 1 ... Qf2+ 2 Kh1 Bg2+ 3 Bxg2 Re1+ 4 Kh2 g3+ 5 Qxg3 Qg1 mate.

TELEVISION

SATURDAY

BBC1

7.25 News. 7.30 Felix the Cat. 7.45 Joe 90. 0.10 The Adventures of Skippy. 8.35 SWAT Kats. 9.00 Parallel 9. 11.00 Film: Bugs Bunny Superstar.

12.05 Tom and Jerry.

12.12 Weather.

12.15 Grandstand. Introduced by Steve Rider. Including at 12.20 Football Focus: Preview of the day's Premiership fixtures. 1.00 News. 1.05 Motor Racing: Practice for the Italian Grand Prix. 1.15 Athletics: The second day of the World Cup from Crystal Palace. 1.30 Swimming: World Championships from Rome. 1.50 Yachting: The Ultra 30 Series. 2.10 Racing from Goodwood: The 2.15 Westminster Taxi Insurance Handicap Stakes. 2.25 Yachting. 2.40 Racing: The 2.45 Highland Spring RQA Nursery Handicap Stakes. 2.50 Athletics. 3.15 Racing: The 3.20 William Hill Sprint Cup (H'cap). 3.25 Athletics. 3.55 Racing from Leopardstown: The 4.00 Guinness Champion Stakes. 4.05 Athletics. 4.45 Final Score. Times may vary.

5.15 News.

5.25 Regional News and Sport.

5.30 Cartoon.

5.50 Film: Wings of the Apache. Airborne action adventure, starring Nicolas Cage as a helicopter pilot training to combat drug barons in Latin America. With Sean Young (1990).

7.10 Bruce Forsyth's Generation Game. New series. Bruce Forsyth and Rosemarie Ford return with the fun-filled family game show.

8.10 Challenge Anneka. The residents of Burnham-on-Sea throw down the gauntlet to Anneka, setting her the task of building a new lifeboat station in 72 hours.

9.00 News and Sport; Weather.

9.20 The Last Night of the Proms. Part two. Live from the Royal Albert Hall, featuring the traditional rendition of Sir Henry Wood's Fantasia on British Sea-Songs. Simultaneous broadcast with Radio 3. Subsequent programmes may run late.

10.55 Match of the Day. Highlights from two top matches in the FA Premiership, plus goals from the day's other fixtures.

11.55 Film: Grievous Bodily Harm. Thriller, starring Colin Friels (1987).

1.25 Weather.

1.30 Close.

BBC2

6.00 Open University. 12.15 pm Film: Ishi, The Last of His Tribe.

1.45 The Phil Silvers Show.

2.10 Timewatch. Reconstruction of the vicious and brutal spectacles once staged in the Roman arena, using high technology computer graphics to convey the violence of the ancient world.

3.00 Film: Becky Sharp. Adaptation of Thackeray's *Vanity Fair*, about a self-reliant girl struggling to make her way in Regency society. Miriam Hopkins and Cedric Hardwicke star (1935).

4.20 Brilliant Gardens.

4.30 Alone to the South Pole. Film following Norwegian Erling Kagge's groundbreaking solo journey to Antarctica.

5.00 Hotshots: World Fishing Championships 1993. Film following competitors in Corouche, Portugal as they contend with all manner of problems in their quest for the title.

6.00 The Bratislava Connection. Management courses in Slovakia designed to help combat the country's rising unemployment, industrial decay and high pollution levels.

6.40 News and Sport; Weather.

6.55 Developing Stories. New series. Film short from Gaza, recounting the tale of a 12-year-old refugee whose chance meeting with a girl of his own age sets him off on a quest for three missing jewels.

7.45 The Last Night of the Proms. Part one. Richard Baker introduces the farewell concert live from the Royal Albert Hall, featuring Bach's Toccata and Fugue in D minor and pieces by Williams and Walton. Continued on BBC1. Simultaneous broadcast with Radio 3. Subsequent programmes may run late.

9.00 Film: A Star is Born. Musical drama, starring Judy Garland and James Mason as Hollywood stars who fall in love and marry as their careers take them in different directions (1954).

11.50 The Moral Maze. New series. Michael Buerk hosts as a panel of guests including Edward Pearce and Janet Daley tackle a topic of current concern.

12.35 Film: Ghost Ship. The captain of a merchant ship is driven mad by isolation. Thriller, starring Richard Dix and Russell Wade (1943).

1.40 Close.

LWT

5.05 GMTV. 9.25 What's Up Doc? 11.30 The ITV Chart Show. 12.30 pm The Littlest Hobo.

1.00 ITN News; Weather.

1.05 London Today; Weather.

1.10 Champions' League Special. Preview of next Wednesday's opening matches in this year's competition.

1.40 Movies, Games and Videos. Reviews of new Western Wyatt Earp, starring Kevin Costner.

2.10 WCW Worldwide Wrestling.

2.50 Life Goes On.

3.45 Burke's Law.

4.45 ITN News and Results; Weather.

5.05 London Today and Sport; Weather.

5.25 Cartoon Time.

5.35 Baywatch. Concluding part. Mitch races against time to reach the sunken airliner as Hobie's air runs out. David Hasselhoff and Jeremy Jackson star.

6.30 Gladiators. New series. The combat game show is back, with four brave contestants ready to take on the might of the muscle-bound TV warriors. Presented by John Fashanu and Ulrika Jonsson.

7.30 Film: Crocodile Dundee II. The Australian trapper's survival skills are needed once more when his girlfriend is kidnapped by drug dealers. Comedy adventure, starring Paul Hogan (1988).

9.35 The Big Fight – Live! Nigel Benn v Juan Carlos Gimenez. Ringside coverage as the Dark Destroyer defends his WBC Super Middleweight title against the tough Paraguayan.

10.50 ITN News; Weather.

11.00 London Weather.

11.05 Spitting Back.

11.35 Kevin Costner's Wyatt Earp.

12.05 Bruce and Bob Eat America.

1.05 Wet Wet Wet; ITN News Headlines.

2.05 Tour of Duty.

2.50 The Big E.; ITN News Headlines.

3.45 European Nine-Ball Pool Masters.

4.40 BPM.

5.30 ITN Morning News.

CHANNEL4

5.00 4-Tel on View. 6.35 Early Morning. 9.45 Blitz. 11.05 Gazzetta Football Italia. 16.00 High 5. 12.30 pm Tandoori Nights.

1.00 Film: Torrid Zone. Sultry singer Ann Sheridan helps banana plantation owner Pat O'Brien persuade his trusted manager not to quit. Comedy adventure, with James Cagney (1940).

2.35 The Friend. Russian animation.

2.50 Racing from Doncaster and Leopardstown. From Doncaster: Coverage of the 3.05 Abu Dhabi National Oil Company Stakes Handicap, 3.40 Teleconnection St Leger Stakes, 4.15 Tripleprint Flying Childers Stakes, and the 4.45 Ladbroke Handicap. From Leopardstown: The 4.00 Guinness Champions Stakes.

5.05 Brookside.; News Summary.

6.30 Opening Shot: Flamenco. Film following the progress of two British flamenco dancers in Spain as they attend classes at a prestigious school and perform in an annual concert. Last in series.

7.00 People's Parliament. Debate on whether all women have an automatic right to bear children, questioning whether the NHS should provide more help.

8.00 Film: The Purple Heart. Wartime drama about eight American airmen shot down over Tokyo during a bombing raid. Starring Dana Andrews and Farley Granger (1944).

9.55 Fanny and Alexander. Part three of Ingmar Bergman's drama exploring children's emotional turmoil in the wake of their father's death. (English subtitles).

11.05 It's Just a Ride. Tribute to American comedian Bill Hicks, featuring clips of his performances and contributions from family, friends and admirers.

11.55 Late Licence. Mark Lamarr and Rhona Cameron introduce tonight's programmes.

12.00 Bill Hicks.

1.00 Herman's Head.

1.30 Just for Laughs.

2.05 Passengers.

3.05 Packing Them In.

3.50 Close.

REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-

ANGLIA:
12.30 Movies, Games and Videos. 1.05 Anglia News. 1.40 Nigel Mansell's IndyCar '94. 2.10 Carry On Constable. (1959) 3.45 Knight Rider. 5.05 Anglia News and Sport 11.05 Anglia Weather. 11.35 Wet Wet Wet.

BORDER:
12.30 Movies, Games and Videos. 1.05 Border News. 5.05 Border News and Weather 5.10 Border Sports Results. 11.35 Wet Wet Wet.

CENTRAL:
12.30 America's Top 10. 1.05 Central News 2.10 The Comeback. (1983) 3.30 WCW Worldwide Wrestling. 6.00 Central News 5.10 The Central Match - Goals Extra. 11.00 Local Weather. 11.35 Tropical Heat.

CHANNEL:
11.30 COPS. 12.00 The ITV Chart Show. 1.05 Channel Diary. 1.40 Nigel Mansell's IndyCar '94. 2.10 Sail Great Britain. 2.40 Bigfoot Strikes Again. 3.45 Knight Rider. 5.05 Channel News. 0.10 Puffin's Pla(i)ce. 11.35 Crime Story.

GRAMPIAN:
12.30 Cruinne-Ce. 1.00 Grampian Headlines 1.40 Telefios. 2.10 Donnie Murdo. 2.40 Cuirm Cloinne. 3.00 Zorro. 3.25 Nigel Mansell's IndyCar '94. 3.55 Superstars of Wrestling. 5.05 Grampian Headlines 0.10 Grampian News Review. 11.00 Grampian Weather. 11.35 Talking Loud.

GRANADA:
12.30 Movies, Games and Videos. 1.05 Granada News 1.40 Nigel Mansell's IndyCar '94. 2.10 I Married Wyatt Earp. (TVM 1983) 3.55 Superstars of Wrestling. 5.05 Granada News 5.10 Granada Goals Extra. 11.35 Wet Wet Wet.

HTV:
12.30 Movies, Games and Videos. 1.05 HTV News. 1.40 Nigel Mansell's IndyCar '94. 2.10 633 Squadron. (1964) 3.55 The A-Team. 6.00 HTV News and Sport 11.05 HTV Weather. 11.35 Wet Wet Wet.

MERIDIAN:
11.30 COPS. 12.00 The ITV Chart Show. 1.05 Meridian News. 1.40 Nigel Mansell's IndyCar '94. 2.10 Sail Great Britain. 2.40 Bigfoot Strikes Again. 3.45 Knight Rider. 5.05 Meridian News. 11.35 Crime Story.

SCOTTISH:
12.30 Extra Time. 1.00 Scotland Today. 1.40 Telefios. 2.10 Mission Top Secret. 3.10 Taxi. 3.40 Body Heat. 4.10 Take Your Pick. 5.05 Scotland Today 11.05 Scottish Weather. 11.35 11th Victim. (1979)

TYNE TEES:
12.30 Big Burst! 1.05 Tyne Tees News. 1.40 The Mountain Bike Show. 2.10 Carry On Constable. (1959) 3.45 Knight Rider. 5.05 Tyne Tees Saturday 5.25 Tweety and Sylvester. 11.35 Slapshot. (1977)

ULSTER:
12.30 SUS. 1.05 UTV Live News and Sport 2.10 Cartoon Time. 2.30 The Munsters Today. 6.00 Knight Rider. 3.55 WCW Worldwide Wrestling. 5.05 UTV Live News 0.10 Saturday Sport. 11.00 UTV Live News 11.35 Wet Wet Wet.

WESTCOUNTRY:
12.30 Movies, Games and Videos. 1.05 Westcountry News. 1.40 Nigel Mansell's IndyCar '94. 2.40 Road Runner. 2.50 The Capture of Grizzly Adams. (TVM 1982) 5.05 Westcountry News 11.00 Local Weather. 11.35 Wet Wet Wet.

YORKSHIRE:
12.30 Movies, Games and Videos. 1.05 Calendar News. 1.40 The Mountain Bike Show. 2.10 Carry On Constable. (1959) 3.45 Knight Rider. 5.05 Calendar News. 0.10 Scoreline. 5.25 Tweety and Sylvester. 11.35 Slapshot. (1977)

SUNDAY

BBC1

7.30 Dilly the Dinosaur. 7.35 King Greenfingers. 7.40 Playdays. 8.00 Blood and Honey. 8.15 Breakfast with Frost. 8.10 To Be a Pilgrim. 9.30 This is the Day. 10.00 See Hear! 10.30 Film: Trouble in the Glen.

12.00 CountryFile.

12.25 Weather for the Week Ahead; News.

12.30 Harry and the Hendersons.

1.00 Cartoon.

1.05 Steven Spielberg's Amazing Stories.

1.30 EastEnders.

2.50 The Divine Garbo. Celebration of legendary actress Greta Garbo's career, using rare archive footage and clips from her most famous films.

3.40 Biteback.

4.20 Junior Masterchef. TV personality Anneka Rice and chef Nick Nairn judge the culinary efforts of contestants from York, Whitley Bay and Newcastle-upon-Tyne.

4.50 Farnborough '94. Second of three programmes featuring highlights from the spectacular air show, including a 25th anniversary celebration for Concorde.

5.40 The Clothes Show. Really Wild Show host Chris Packham meets the goats and rabbits responsible for one of this autumn's fashions, and cab drivers get a new look to celebrate 300 years of the taxi service in London.

6.05 News.

6.25 Songs of Praise.

7.00 Small Talk.

7.30 Film: Summer Rental. Chaotic comedy about a family holiday plunged into disaster by the arrival of less-than-welcome companions. John Candy and Richard Crenna star (1985).

8.55 Screen One: Pat and Margaret. An American soap star visits Britain on a publicity tour – and is horrified to be reunited with her long-lost sister. Comedy drama, with Victoria Wood and Julie Walters.

10.20 News and Weather.

10.35 Everyman. Chief Rabbi Dr Jonathan Sacks speculates on the future of the family unit.

11.25 Film: Play It Again, Sam. Woody Allen stars as a neurotic film critic who seeks relationship advice from his ghostly hero, Humphrey Bogart. Comedy, with Diane Keaton and Tony Roberts (1972).

12.50 Film: Blue City. Revenge thriller, starring Judd Nelson and Ally Sheedy (1986).

2.10 Weather.

2.15 Close.

BBC2

6.15 Open University. 9.10 Lift' Bits. 9.35 Blitsa. 9.50 Eek the Cat. 10.15 What's That Noise? 10.40 Grange Hill. 11.05 Dynamite. 11.20 Bay City. 11.45 The O Zone. 16.00 Rugby Special.

1.00 Sunday Grandstand. Introduced by Sue Barker. Including at 1.05 Cricket: Coverage of a top match from the Sunday League. 1.40 Motor Racing: The Italian Grand Prix from Monza. 3.40 Athletics: The final day of the World Cup from Crystal Palace. 5.00 Cricket. 6.25 Swimming: World Championships. Times may vary.

6.45 Galapagos: Paradise in Peril. The threat posed to the Galapagos islands' giant tortoise population by rioting fishermen furious at a government ban on the intensive fishing of sea cucumbers.

7.30 The Score. Dame Joan Sutherland, Maria Ewing and Brigitte Fassbaender assess the role of the diva in the 1990s, while opera singer Willard White and Labour MP Paul Boateng discuss why there are relatively few black classical musicians. Plus, performances by Piano Circus and a duo specialising in making Indian music on Western instruments. Last in series.

8.10 The Lighthouse. Peter Maxwell Davies' opera based on the true-life mystery surrounding the disappearance of the three keepers of Flannan Isle lighthouse in 1900. Philip Creasy and Kelvin Thomas star.

8.30 Monty Python's Flying Circus. Vintage surreal sketches from the Python crew, including a rousing rendition of the lumberjack song.

10.00 Grand Prix. Highlights of today's race at Monza.

10.40 Film: The Keep. German soldiers set up a HQ in a Romanian fortress – unaware of the evil presence lurking inside. Horror thriller, starring Scott Glenn, Ian McKellen and Gabriel Byrne (1983).

12.10 Moviedrome. Introduction to tonight's cult film.

12.15 Film: Kiss Me Deadly. Private eye Mike Hammer follows a trail of extortion to uncover a deadly secret. Violent crime thriller, starring Ralph Meeker (1955).

9.00 Close.

LWT

6.00 GMTV. 6.00 The Disney Club. 10.15 Link. 10.30 Sunday Matters. 11.00 Morning Worship. 12.00 Sunday Matters. 12.30 pm An Invitation to Remember. 12.55 London Today; Weather.

1.00 ITN News; Weather.

1.10 100 Women.

2.00 Film: Rascals and Robbers: The Secret Adventures of Tom Sawyer and Huck Finn. Mark Twain's famous boy adventurers join a circus after falling foul of a villain. With Patrick Creadon (TVM 1982).

3.40 Cartoon.

3.55 Film: Lt Robin Crusoe USN. A navy pilot parachutes on to a remote Pacific island and gets involved in the native girls' battle for women's rights. Comedy adventure, with Dick Van Dyke (1966).

6.00 London Today; Weather.

6.20 ITN News; Weather.

6.30 Dr Quinn: Medicine Woman. Drought hits Colorado Springs at Thanksgiving, and the festive spirit is threatened even further when Jake and Loren steal water from the Cheyenne.

7.30 Heartbeat. Nick investigates skulduggery in the cemetery, then joins Kate to look into a case of suspected poisoning. Rural drama, starring Nick Berry and Niamh Cusack.

8.30 You've Been Framed!

9.00 London's Burning. The Blue Watch firefighters are called to a blaze in a library basement, and Pearce unwittingly finds himself the centre of attention at Recall's charity bash.

10.00 ITN News; Weather.

10.10 London Weather.

10.15 The London Documentary. Fly-on-the-wall look at Thurrock Police's efforts to combat crime, following a campaign to put fear into the minds of criminals.

11.15 Tracey Ullman Takes on New York.

12.15 Sail Great Britain.

12.45 You're Booked!

1.15 Cue the Music.

2.15 Get Stuffed; ITN News Headlines.

2.20 Married – With Children; ITN News Headlines.

2.50 Film: A Fire in the Sky. SF thriller, starring Richard Crenna (1978).

CHANNEL4

6.00 Blitz. 7.10 Early Morning. 9.45 The Odyssey. 10.15 Saved by the Bell. 10.45 Rawhide. 11.45 Little House on the Prairie.

12.45 Film: The Magic Box. Biography of British cinema pioneer William Friese-Greene, played by Robert Donat. The all-star cast also includes Laurence Olivier and Michael Redgrave (1951).

2.45 Football Italia. James Richardson presents live coverage from Juventus v Bari.

5.00 News Summary; Weather.

5.05 The Seasons. Animation set to Tchaikovsky's music.

5.20 Film: A Guide for the Married Man. Bored husband Walter Matthau seeks advice on the finer points of adultery. Comedy, with Inger Stevens, Robert Morse and Sue Ann Langdon (1967).

7.00 Equinox. Glimpse into the world of artificial and natural replacement body parts, looking back at past breakthroughs and forward to the developments of tomorrow.

8.00 21st Century Airport. The 1992 delay in construction caused by adverse weather conditions is followed by further problems when architect Renzo Piano's designs are altered without his permission.

9.00 Film: Edward Scissorhands. Premiere. Johnny Depp stars as a strange, lonely boy taken in by an average American family. Bizarre fairytale, also starring Winona Ryder (1990).

11.00 Racing from Longchamps. Highlights from the Arc De Triomphe trials in Paris.

11.30 The Sleep of Reason. Film tracing the origin and history of myths about the end of the world, from Bosch and Bruegel's 16th century paintings to the science fiction films of the 1950s.

12.25 Film: No End. Drama about life in Poland under martial law, following a recently widowed woman and a worker accused of inciting a strike. With Grazyna Szapolowska (English subtitles) (1984).

2.20 Close.

REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-

ANGLIA:
12.30 Countrywide. 12.55 Anglia News. 1.10 The Feminine Touch. (1956) 2.50 Father Dowling Investigates. 3.45 Jesse. (TVM 1988) 5.30 Heirloom. 6.00 Anglia News on Sunday 10.10 Anglia Weather. 10.15 Tracey Ullman Takes on New York. 11.15 Street Legal.

BORDER:
12.30 Gardeners' Diary. 12.55 Border News. 2.00 Scotsport. 0.15 Coronation Street. 6.15 Border News. 10.15 Tracey Ullman Takes on New York. 11.15 Moonsong. 11.45 Prisoner: Cell Block H.

CENTRAL:
12.30 Central Newsweek. 12.55 Central News 2.00 Gardening Time. 2.30 The Central Match – Live. 4.55 Hit the Town. 5.25 Father Dowling Investigates. 6.15 Central News 10.10 Local Weather. 10.15 Tracey Ullman Takes on New York. 11.16 Prisoner: Cell Block H.

GRAMPIAN:
11.00 Sunday Service. 11.45 Eikon. 12.30 Gardeners' Diary. 12.55 Grampian Headlines. 2.00 Scotsport. 5.15 Pick a Number. 5.45 Movies, Games and Videos. 0.15 Grampian Headlines 10.10 Grampian Weather. 10.15 Tracey Ullman Takes on New York. 11.10 Prisoner: Cell Block H.

GRANADA:
12.25 Gardeners' Diary. 12.55 Granada News 2.00 Hot Wheels. 2.30 The Towering Inferno. (1974) 5.20 Dr Quinn: Medicine Woman. 6.10 Granada News 6.30 Coronation Street. 10.10 Tracey Ullman Takes on New York. 11.15 Festival: Comedy. 11.45 Prisoner: Cell Block H.

HTV:
12.25 The Littlest Hobo. 12.55 HTV News. 2.00 Limited Edition. 2.30 Survival. 3.00 The West Match. 3.30 Carry On Regardless. (1961) 5.15 Country Watch. 5.45 Up Front. 0.10 HTV News. 10.10 HTV Weather. 10.16 Tracey Ullman Takes on New York. 11.10 Prisoner: Cell Block H.

MERIDIAN:
12.30 Seven Days. 12.55 Meridian News. 2.00 Wanted: Dead or Alive. 2.30 The Meridian Match. 3.15 633 Squadron. (1964) 4.55 Highway to Heaven. 5.45 The Village. 0.15 Meridian News. 10.10 Tracey Ullman Takes on New York. 11.10 Both Sides of the Fence. 11.45 The Take. (1990)

SCOTTISH:
11.00 Sunday Service. 11.45 Eikon. 12.30 Skoosh. 12.55 Scotland Today. 2.00 Scotsport. 5.20 Knight Rider. 0.15 Scotland Today 10.10 Scottish Weather. 10.15 Tracey Ullman Takes on New York. 11.15 Secrets. (TVM 1977)

TYNE TEES:
12.25 Newsweek. 12.50 Tyne Tees News. 2.00 The Munsters Today. 2.30 The Tyne Tees Match – Live. 5.20 Animal Country. 5.50 Tyne Tees Weekend. 10.15 Tracey Ullman Takes on New York. 11.15 The Powers That Be.

WESTCOUNTRY:
12.30 Westcountry Update. 12.55 Westcountry News. 2.00 Special Report. 2.30 Cobblestones, Cottages and Castles. 3.00 The Prince of Bel Air. (TVM 1986) 4.50 Cotton on Canvas. 5.20 Murder, She Wrote. 0.15 Westcountry News 10.10 Local Weather. 10.10 Tracey Ullman Takes on New York. 11.15 Prisoner: Cell Block H.

YORKSHIRE:
12.25 Newsweek. 12.50 Calendar News. 2.00 Highway to Heaven. 2.55 The Assassination Bureau. (1968) 5.20 Animal Country. 5.50 Calendar News and Weather 10.10 Tracey Ullman Takes on New York. 11.15 The Powers That Be.

RADIO

SATURDAY

SUNDAY

CHESS

Last week's Intel Grand Prix in the City of London demenstrated impressively how chess can be a spectator sport. It was very different from the marathon sessions and lengueurs of world title matches. One-hour knock-out games with 10-minute tie-breaks, an elite field of grandmasters, informative commentaries and inventive play drew a capacity audience.

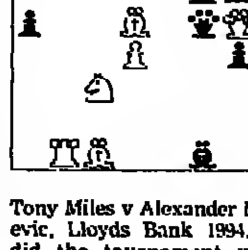
Garry Kasparov's early loss to the Pentium computer allewed his young rivals to fight out the $30,000 first prize. In the semi-finals, Vishy Anand enticed the Pentium to exchange down to king and pawns, thee exploited the computer's horizon effect, it missed the distant implications ef a losing pawn advance.

In the final, Anand met Vassily Ivanchuk. Ahead 2-1, Ivanchuk missed the simplest of ene-meve checkmates which the audience were even calling out to him. The Ukrainian still wen the final. (V Ivanchnk, White; V Anand, Black; London Intel Grand Prix 1994).

1 e4 c5 2 Nf3 Nc6 3 Bb5 g6 4 Bxc6 dxc6 5 d3 Bg7 6 h3 e5 7 Be3 b6 8 Nc3 f6 9 Qd2 Be6 10 0-0-0 Ne7 11 Bh6 0-0 12 g4 This was a tie-hreak game with five minutes on the clock each for all the meves. Opposite side castling eften heralds an assault on both kings. Nc8 13 Bxg7 Kxg7 14 Nh4 Nd6 15 Ng2 Nb5 16 f4 Nd4 17 Rdf1 b5 18 Kb1 Qa5 19 b3 c4 20 Rf2 b4 21 Ne2 c3 22 Nxd4!? exd4!? White instantly offers and Black rejects the queen offer cxd2 23 Nxe6+ and Nxf8.

23 Qc1 Qc5 24 f5 Bg8 25 g5 a5 Black's attack leeks quicker, but Ivanchuk conjures up a decisive break. 26 Re1 fxg5 27 Qxg5 Kh8 28 Nf4! gxf4 29 Qh6 Threat Ng6 mate. Bf7 30 Qf6+ Resigns. If Kg8 31 Rg1+ Bg6 32 Rxg6+ hxg6 33 Qxg6+ Kh8 34 Qh6+ Kg8 35 Rg1+ Kf7 36 Qe6 mate.

Ne t038



Tony Miles v Alexander Morozevic, Lloyds Bank 1994. How did the tournament winner (Black, to meve) decide the game?

Solution Page XXII

Leonard Barden

BRIDGE

Teday's hand is frem teams-of-four:

N
♠ Q 8 4 2
♥ Q 7 6 2
♦ 8 6
♣ K 9 7

W	E
♠ A K J 9 5	♠ 10
♥ 5	♥ 10 3
♦ 9 4 3 2	♦ K Q 10 7 5
♣ J 10 4	♣ Q 8 6 3 2

S
♠ 7 6 3
♥ A K J 9 8 4
♦ A J
♣ A 5

North dealt and, after twe passes, South opened with one heart. West over-called with one spade, North raised to two hearts. South's four hearts closed the auction.

West led the spade ace and, when East dropped the 10, played the king, on which East discarded the two of clubs. The spade knave came next. Declarer covered it with the queen. East ruffed and returned the king of diamonds. Declarer had nine tricks on top – where could be find the 10th?

South saw that only a squeeze could produce the extra trick. He knew that a double squeeze was a certainty. The eight of spades was a ene-card menace against West – see why South was so careful te cover West's knave? – and the diamond knave was a menace to East's queen. That meant neither defender could keep a guard in clubs when the declarer ran his hearts.

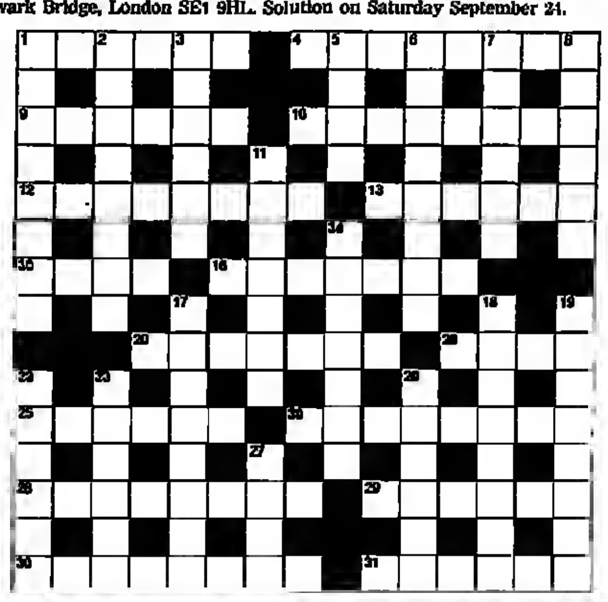
Taking East's diamond with his ace, declarer drew five rounds ef trumps and cashed the club ace, leaving a three-card ending. West held S9 and CJ10, dummy S8 and CK9, East DQ and CQ8 and declarer H4, DJ and C5. South played his last trump, forcing West to throw a club. So dummy's spade, no longer needed, was discarded and East was under pressure. He, too, had to throw a club. South crossed to the club king and the nine was his 10th trick.

E.P.C. Cotter

CROSSWORD

No. 8,555 Set by CINEPHILE

A prize of a classic Pelikan Souverän 800 fountain pen, inscribed with the winner's name for the first correct solution opened and five runner-up prizes of £35 Pelikan vouchers. Solutions by Wednesday September 21, marked Crossword 8,555 on the envelope, to the Financial Times, 1 Southwark Bridge, London SE1 9HL. Solution on Saturday September 24.



Name__________________

Address__________________

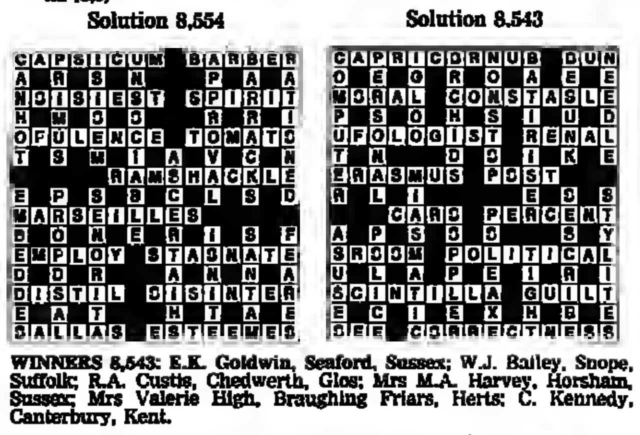
ACROSS

1 Roughly repair a stone (6)
4 Diner caught crab and sank (5,3)
9 Less than three – about four – do well (8)
10 Roman life, in rags possibly, displays high seriousness (8)
12 Laird running pub? (8)
13 Stability at the end of a rope? (6)
16 Item of clothing in the window (4)
18 Time for getting level? (7)
20 If divided, Fascist output? (7)
21 Bird call to bird (4)
25 Highly polished church headquarters? (6)
26 None left? Content (3,5)
28 Little money in trust of late (8)
29 Dressing in pub at base of pillar? (6)
30 Illegal entry may be aggravated by regular pointless moves (8)
31 Groom at pub lost letters to the Queen (6)

DOWN

1 Sword without string is crystal (3,5)
2 Noblewoman has singles in pubs (8)
3 Beautiful sort of volley (6)
5 Standard answer to "What's the middle of the alphabet?" (4)
6 Contract of witches with insect (8)
7 Exhibiting malice by confining desire (6)
8 Go and rearrange holiday place (6)
11 Hit man about this period needs self-confidence (7)
14 Joint that gets under in capitulation (7)
17 I leave Italian city (in part of Calabria), which is very wrong (8)
18 One trap in test, old or new? (8)
19 One with muscular spasms is looking for birds (8)
22 Scottish and Middle Eastern beetle (6)
23 Tradesman sounds more obese (6)
24 French troubles from over-elaboration? (6)
27 Aspersion indistinctly uttered? (4)

Solution 8,554 **Solution 8,543**



WINNERS 8,543: E.K. Goldwin, Seaford, Sussex; W.J. Bailey, Snope, Suffolk; R.A. Custis, Cheltenham, Glos; Mrs M.A. Harvey, Horsham, Sussex; Mrs Valerie High, Braughing Friars, Herts; C. Kennedy, Canterbury, Kent.

Safety in numbers: the family logic

Those who want to halt population growth do not understand human nature, says ***Dominic Lawson***

Nine months ago my sister, Thomasina, died. She was 32. My immediate emotions were of simple grief, partly at my own loss, partly at her much greater one. But the passage of time has brought with it other, more complex and surprising emotions.

In particular I have begun to feel, in some strange way, outnumbered: that the balance of Lawsons versus the rest of the world has been altered to my family's disadvantage.

I felt this most strongly, I am ashamed to say, at a gathering with my best friend and her four brothers. Much as I liked them all, I was overcome by envy of their superior force.

It is not as though I am without allies, however. I have two remaining sisters, and come to that, a further two half-siblings. But the feeling of being outnumbered remains.

However, being neither an unreasonable nor a vindictive man, I do not propose to demand a cull of my friends' families in order to restore the local balance of power. I am not even tempted to demand reprisals among the many more numerous families to the great world outside, in order to ensure that the Lawsons are not defeated in their aspirations by the madding and ever-competitive crowd.

That however, does seem to be the motive of those developed world delegates in Cairo for this week's United Nation's International Conference on Population and Development. They are deeply worried that the earth's environment will not be able to support the growing industrialisation of the developing world's billions.

Or, not to beat around the bush, western delegates are concerned that they themselves might be facing much stiffer competition for the resources which in the past – first through colonialism and later through superior economic power – they have found it so easy to acquire.

Naturally the western delegates in teeming Cairo do not quite express things in this way. They prefer to say that it is in the developing world's own best interests to limit their populations.

This argument persists, even though there is no proven connection between high densities of population and poverty – think of Singapore and Taiwan versus Mongolia and Chad – and even though there is clear evidence of declining birth rates in the developing world without any intervention from western busybodies such as Lady Chalker.

One country in which coercive, imposed birth control has been tried is the People's Republic of China, which aspired to become the-not-so-many-people's republic of China. The result has been the widespread slaughter of female infants, and the creation of a class of fat, spoiled only-sons. Meanwhile, in the province of Canton, booming through the recent introduction of local capitalism, there is an acute labour shortage.

Here, indeed, lies the solution, if one is needed. Capitalism has consistently showed itself capable of refuting Malthus's ancient prediction that food production could not keep up with population. Indeed, the problem has recently proved quite the reverse: there has been a global overproduction of food, creating such economic absurdities as the Common Agricultural Policy.

Meanwhile the African starvation which we witness so distressingly on our television screen is directly the result, not of unchecked fornication, as the Conservative MP Sir Nicholas Fairbairn argues, but of the imposition of feudal or socialist economic policies. And, much as Lady Chalker and Sir Nicholas might dislike the thought, the rational response to a high mortality rate is to produce more children.

It would be irresponsible for the heads of any family to behave otherwise, unless it craves extinction.

For this reason, what I would most have wanted, in the nine months since my sister's death, is to have fathered another child. And, in the absence of that, the continued rude health of my 20-month-old daughter is the greatest consolation; that, together with the arrival of my first niece, born a week after my sister's death, and named Cosima Thomasina.

■ *Dominic Lawson is Editor of The Spectator.*

Ashley Ashwood

Private View/Christian Tyler

Aussie boyo comes out punching

Bob Hawke still displays the pugilistic streak that carried him to the top in Australian politics

Nearly three years after being knocked out of the political ring, veteran pugilist Bob Hawke is still throwing punches. Australia's four-term former prime minister might have dropped in the weights since the Labor party leadership was snatched from him, but he looks very fit for 64: short, wiry, quick on his toes and eager to trade blows.

He was in London this week to promote *The Hawke Memoirs*, a smoothly-written record of his triumphs which critics have found self-serving, even by the standards of political autobiography. In particular, Hawke's successor, Paul Keating – his one-time finance minister and friend – gets a pasting.

In the snakepit of Australian politics, attack is the usual form of defence. When I suggested that the memoirs had the tone of a man who felt grossly under-valued – I did not dare use the word "whingeing" – Hawke began chastising the Australian media for bias. They were the reason, he said, why he had "inclined to be emphatic".

Like Margaret Thatcher, Hawke lost his premiership in an inner-party *putsch*. Was he still as sore about it as she appeared to be?

"No. I believed the party had the right to make a mistake, if I can put it that way. I did not feel bitterness about the party making a decision. I did have some bitterness about some of the tactics that were employed and what, in my judgment, was some unprincipled, dishonest undermining."

What happens to a man used to power and attention when it is taken away?

"I can't say what happens with Mrs Thatcher or someone else. But with this man – because I've done it all my life – when I've finished one thing, I get very interested and involved in the next stage of my career."

His plan to re-launch himself as a television interviewer of world leaders fell through. Instead, Hawke has set up as a consultant on Asian affairs and has a couple of Australian university chairs he has yet to warm.

There must be some withdrawal symptoms, I said.

"I don't know how long I've got to go on about it. At the time, right at the time, there was. But what I'm saying is, that's something that's finished. I don't want to go into what I've earned in this period. But I've earned very well. My time has been fully occupied working long hours and a whole range of things which are *tremendously* satisfying.

"You either believe me or you don't. I mean, I keep saying I'm not one that looks back. I fought to keep the position. I was hurt right then, but then that was it. Done." He punched the palm of his hand.

Do you see in Paul Keating some of your own faults?

"No, no. That's a nice bit of amateur psychology. But entirely without foundation."

Hawke took the question as a reference to his own ousting of Bill Hayden (now Australia's Governor-General) as Labor leader before the election victory of 1983. "The evidence showed that I was the one to get Labor into power, and not Bill. Here (in 1991), you had a situation where the contender said that even if he had a less chance of winning the next election than me, he wanted it because it was his turn. That sort of ambition was totally different."

I reminded Hawke of some of the pejoratives he had used about Keating. He picked up a copy of the memoirs and began to read from one of many marked pages: "From hesitant beginnings, Paul had grown in confidence, competence, courage, imagination and determination..."

I know political memoirs are an exercise in self-justification, I said, but, in retrospect, might you have left all that stuff about Keating out?

"Of course I wouldn't." He glared at me as if I had lost my marbles. "Why would you? I mean, has history changed? Do the facts change?"

Maybe it would have been more dignifed...

"What's the question of dignified?" he spluttered.

To say less, I mean.

"Why? What's the question of dignity involved in history. That may be your perception about one's responsibility writing the facts of history, and why and how things happened. All I can say to you is it's not mine. If the concept underlying your question is that dignity is more important than the facts... that's a perverse view."

It wasn't, quite. But it was a good jab, and I stepped back.

Hawke achieved his aim of making Labor a natural party of government by grabbing the political centre. He also embarked on a bonfire of protectionist controls. What advice had he got for Tony Blair, Britain's new Labour leader?

"I don't presume to tell him – I would want you to preface with that. But, for what its worth, he should adopt policies that are relevant to the needs and aspirations of the country. It's no good having outdated shibboleths. The basic philosophy is to pursue policies which will be electorally relevant and acceptable."

At the same time, he added, a social democratic government should see its role as creating equality of opportunity for every citizen.

Hawke's mother, Ellie, a strictly religious person like her husband, Clem, was convinced her boy was destined for great things – especially after his elder brother, Neil, died young of meningitis. I asked him if he shared her conviction.

"I had some sense that, in a strange way, my life had been developing in a way that was preparing me for the capacity to move through the ranks of the labour movement to leadership. It's a very fair question, a relevant one."

After reading law and economics, and with politics at the back of his mind, he went as a Rhodes Scholar to Oxford University where his choice of research topic – Australia's unusual wage-bargaining system – led to a job with, and inexorable rise to the top of, the Australian Council of Trade Unions, the equivalent of Britain's TUC.

"The way those things happened, it was almost as though...if I'd been sitting there, almost being able to choreograph the steps in a career, you couldn't have done it any more relevantly. That's the point I'm making. I'm not excluding the fact that within me there was a well-developed ambition to move through and go to the top."

If Bob Hawke once was famous for his gambling, swearing, drinking and womanising, he was even more famous for his public confessions and tears. I asked this former yard-of-ale record holder: Why did you hit the bottle so hard?

"Oh, I don't know. I tended to do everything hard. Remember when I had the accident and nearly died?" (While at university, he crashed his Panther motorcycle and ruptured his spleen.) "I just then determined to do everything flat out. I didn't determine to drink flat out – the main thing I determined to do flat out was in respect of my studies. But I was a person that was full of energy. I never did things in a half-hearted way. In a sense, that applied to my socialising."

Was it just socialising, or were you trying to get away from something?

"No. As I said, I shared Churchill's view that I got more out of drink than it got out of me. It was a very useful and important part of developing relationships, cementing them. The Australian political labour and industrial scene is a very gregarious, mateship sort of thing. The reason I gave it up was there were too many instances where I behaved stupidly. I wasn't proud of some of the things I did." In 1980, with the Labor leadership in his sights he turned over a new leaf and became teetotal.

Many writers have described Hawke as an exceptionally paradoxical, complicated man. Did he agree?

"Well, I don't know what 'complicated' means. I'm not being semantic about this. Whether I am, in fact, more complicated that Joe Blow, I don't know. Neither do you. I'm not professionally qualified to answer the question. I wonder whether it only becomes an issue because I'm a prominent person.

"I don't fully know myself. No human being does. But to the extent that I do know myself, I don't think I am terribly complex. I understand what drives me. I understand what my passions are. But I could be wrong."

The boyo image, I said, was almost a caricature of an Australian: was that really you, or something you found politically useful?

"Oh, come on. Come on, don't be silly. You really are an amateur psychologist. I am a gregarious bloke who loves his sport, is passionate about his sport and good at it, loves people...in a sense, a quintessential Australian since I've been like that." He held his palm close to the floor.

"Sport, people, lack of pretence. Let's get down to it. That's been me all my life. I mean," he sniffed, "that's how I've related to the Australian people. To come along now with this 'Have you really adopted this persona?' Come off it, mate!"

People seem to be confused by you, I said. That's why I ask.

"That's why I'm giving you a direct answer. To refute the nonsense."

I nipped across the ring and asked why there was no mention of the entrepreneurs Kerry Packer or Alan Bond in the memoirs, and only one of Rupert Murdoch – compared to King Midas. Your left-wing critics have made a lot of the fact that you were big mates with them and say you gave them the run of the roost.

"Wait a minute. If I spent my time writing about inaccuracy and misrepresentation...I mean, it was a canard from the word Go. I knew these people. Bond, early in my prime ministership, wins the America's Cup. I was photographed with him and lauded him for what he did, as did the rest of Australia. I was never *close* mates with Bond, or with Packer or with Murdoch. They had no part in determining the policy I ran.

"I happened to believe that Australia was over-regulated, and that it had been buggered by a conservative government which was supposed to be for free enterprise but continued to cosset it behind high tariff walls. I was for internationalising the economy"...here he banged his fist..."deregulating, bringing in foreign banks, floating the dollar. Within that context, you have entrepreneurs who go like that." He shot his arm towards the ceiling. "Big surprise!"

Australia, I said, used to be seen as brash, noisy and chippy – a bit ashamed of its culture. Do you think it has grown up in some way?

"I think it has in many ways, yes. It is true we have been exporting reasonable quality culture for a goodly period of time." He made it sound like wooltops.

"But you're right. Australia's got more confidence in itself now, beyond the traditional areas where we were great at tennis and swimming and so on.

"Some of the insouciance you talk about is still there. I hope for God's sake it will remain a part of us. But now there's a quality of real self-assurance, as distinct from the attractive bravado."

I stepped from the ring to leave the former title-holder looking as fresh as a daisy for the next bout. Thanks very much, I said,

"It's been a pleasure," he replied. "The economics, the politics – and the psychology!"

God the economist

Michael Holman *finds Christian Aid on his doorstep*

Christian Aid says: "It seems that God is *very interested in economics*."

It may well be that this respected British charity is absolutely right.

But as the opening argument in Christian Aid's indictment of the World Bank and IMF, it is somewhat disconcerting.

We all know the feeling. The doorbell rings, and there stands an intense, well-meaning evangelist, tract in hand.

Common courtesy then requires that we at least give the visitor a hearing, but we are determined we will not get drawn in. Otherwise before we know it, we are engaged in a debate based on a premise which we were too polite to reject, but which takes on a logic of its own.

Thus it is with *Who Runs the World*, Christian Aid's analysis of the Bank and the Fund. It contains a blast of Old Testament fire and brimstone, with a whiff of humbug.

It begins: it seems fair to assume that God may well be "very interested in economics".

Christian Aid, ensconced on my mental doorstep presses on. The text starts to take on a conversational life of its own, assisted by its use of italics and bold type.

Christian Aid now fixes me with the gaze of the proselytiser who has made a breakthrough.

"The main reason for failing to worship the true God is our unchallenged and sinful allegiance to other sources of power in our world."

There is no answer to that. "Yes, well, I see what you mean, even if I do not actually believe in God, as such..."

The doorstepper now gets a glint in their eyes. The voice shifts from italics, which was bad enough – the visual equivalent of enunciating words slowly and carefully to someone who is either a foreigner, or mentally challenged.

I am now addressed in bold.

"So if our financial institutions destroy poor people they must be judged."

I am now the quarry caught in the headlamps, bemused.

I search for an escape. Humour them, always humour them..."Yes, you may well have a point," I mumble. I am about to say: "I think that is my 'phone." Too late.

Christian Aid, foot now firmly in the doorway, cunningly changes the tone. Calmly, in a voice patient and reasonable, the logic of the premise is pursued: "Behaviour that destroys the poor person is always condemned (in the bible)."

Without warning, another burst of bold:

"So if we accept powerful financial systems without question we may fall into sin."

One final salvo and Christian Aid, armed with the Good Book and the testimony of its ideological missionaries in the field, has cleared the way for the onslaught on the IMF and the Bank:

"So we are called upon to dream about God's will done on earth."

I shake myself awake: "Were not these countries in a spot of bother before the Fund and the Bank had a go at them?"

Christian Aid makes a small concession. "Even before Structural Adjustment Programmes came on the scene, third world countries were already in great difficulties. In some, a few people with influence in government or business had sufficient power to protect or even enrich themselves..."

I start to splutter. Worse, I find myself speaking in italics. *"A few?"* I'm even *tempted* to use bold, but stick to italics. *"Even* enrich themselves?"

I want to add: "Is that all you can say about a whole generation of kleptocrats?" But Christian Aid is in full flight.

"Third world governments had borrowed money in the 1970s... to cover the cost of rocketing oil prices and to build and improve necessities such as roads, schools and factories."

This is too much. "Hang on! What about white elephants, French châteaux and Swiss bank accounts?"

But Christian Aid has moved on, offering testimony from those Third World citizens afflicted by the IMF and Bank policies.

"There is an astonishing level of knowledge" about the activities of the duo, says Christian Aid, quoting the testimony of the "victims".

I try to calm down. "Yes, but they do not always get the full picture. You know, no money for medicine but enough to buy those new tanks."

Again, Christian Aid has a ready response on behalf of the "victims of the World Bank's failure to listen".

"Some governments too do not listen to their people."

"It is more than some, it is most governments," I want to add.

I am now getting even more irritated. "Will you not at least concede that something had to be done?" I ask.

Christian Aid frowns: "Some failures have certainly been due to the incompetence or corruption of third world governments... Change certainly had to happen."

I nod vigorously – but too soon.

"We do not absolve governments of their responsibilities... but argue that the World Bank and the IMF should take into account what governments are actually likely to do and what it is politically possible for them to achieve."

I have one last go. "I do not quite follow. Could you explain how this would apply to Daniel arap Moi, widely believed to be putting away a bit of the old what-have-you while living above the shop?"

But by now we have lost each other. Shared passions, shared concerns, but divided by our convictions. Who is right? God knows.

■ *Who Runs the World?, £4.99, Christian Aid, PO Box 100, London SE1 7RT*